

Letter to the shareholders

Dear Shareholders,

Financial year 2019/20 was a year of two very different halves, which is reflected in our business performance and results. Whereas the first half-year was largely in line with expectations, the outbreak and spread of Covid-19 led to an unprecedented slump in business activity from February 2020 to the end of our financial year.

The resulting worldwide crisis has been unique, with both supply and demand heavily impacted at the same time in almost all industries, and it has forced companies, governments, and communities to take extensive, unparalleled measures. The pandemic and related restrictions – particularly the government-mandated blanket lockdowns – had a substantial negative effect on our business, leading to supply chain issues and a significant reduction in sales. Owing to our global presence in procurement, production and sales, dormakaba was affected by these measures right from the beginning.

Our top priorities throughout this pandemic have been business continuity and the health and safety of all our employees. Our company was early to implement a comprehensive crisis management with the aim to ensure that all employees remain safe and at the same time to minimize the impact on our business operations and supply chains, and thus on our customers. In addition, we also adjusted our financial management in order to retain our entrepreneurial flexibility and financial stability at all times.

Over the past months, many of our employees have worked under challenging conditions in production, logistics, and services to maintain the supply chain to our customers, others have been working under unfamiliar circumstances in the field or in home-office. I remain impressed with the way our employees are handling these challenges and continuing our business, but I am not surprised. Over the past years since the merger, we have attached great importance to building a strong corporate culture. In February 2020, shortly before the worldwide spread of Covid-19, we conducted our second worldwide employee survey "dormakaba dialogue", to once again measure enablement and engagement of our employees. 80% of our employees

used the opportunity to provide feedback. The global results show positive development across all 25 survey items against the first survey in 2018. One key strength continues to be that employees show a high level of commitment toward the dormakaba values in their ways of working, and that employees feel a strong sense of community in being "one dormakaba". While there is still room for improvement, a sound culture is a strong asset to help us navigate these challenging times. Please read more on dormakaba dialogue in our 2019/20 Sustainability Report.

Since our merger in 2015, we have significantly improved our risk profile. Our company has gained scale, while remaining financially flexible and noticeably expanding our product portfolio and global presence. Therefore, today, we are well-positioned with our wide range of products, solutions, and services to address customer demand for smart and secure access to buildings and rooms. This includes the demand emerging from the pandemic for example in the area of seamless and touchless access solutions.

Nevertheless, it is evident that the Covid-19 pandemic will continue to impact our environment and business activities for the time being. Mastering the effects of the pandemic and doing everything that we can for dormakaba to come out stronger will be a marathon, not a sprint. It is inevitable that we have to reduce costs. To achieve this, various measures have already been taken to adjust capacities and costs in all segments and on corporate level. Unfortunately, measures also include a reduction of our global workforce. We do not do so lightly – however, to stay a healthy company with a solid financial profile, we need to take these steps.

At the same time, we also need to invest to ensure business continuity, future competitiveness, and long-term profitable growth in the post-Covid-19 period. Our sound business and financial profile has enabled us to consistently execute initiatives to achieve our key strategic objectives even during the current crisis. It also allows us continued investment activity. While projects have been assessed again and re-prioritized, dormakaba continues to invest in innovation, digital transformation, and sustainability. Further, we intend to remain an active participant in the industry consolidation, which is likely to gain momentum again after the pandemic.

Business performance and results impacted by Covid-19

Following organic sales growth in the first half of financial year 2019/20 of 0.8% with an EBITDA margin at 15.5%, our company recorded negative organic sales growth of 14.3% and an EBITDA margin of 9.6% for the second half-year as a result of the Covid-19 pandemic. Consequently, results for the financial year 2019/20 as a whole were significantly lower than the previous-year figures, with organic sales growth of -6.9% and an EBITDA margin of 12.8%. Beyond that, the strengthening of the Swiss franc over the course of the financial year had an additional negative currency translation effect on sales and EBITDA.

While all segments added to the decline in operating results, their performance varied. Segment performance in the second half of 2019/20 was overshadowed by the severity of the pandemic in individual countries. The sales decline was therefore most pronounced in the Key & Wall Solutions segment where in the Key Systems business unit all major production sites and end markets were impacted by Covid-19. However, even in this difficult business environment, the Movable Walls business unit was able to achieve organic sales growth and an improvement in profitability, which was driven by strong volume growth in the US market. Access Solutions (AS) APAC was hit first timewise by Covid-19, and countries within this segment like India experienced a 90% decline in sales between April and June 2020 versus the previous year period. There was a strong negative impact on AS AMER as well. AS DACH was least impacted by the regional lockdown, with Switzerland and Germany even experiencing organic sales growth for the full year 2019/20, while the impact on AS EMEA was somewhere in-between.

To further address the ongoing Covid-19 pandemic-related substantial volume contraction and to maintain operational and financial efficiency, dormakaba has initiated a Group-wide cost savings and restructuring program in the fourth quarter of 2019/20. Measures include a sizeable headcount reduction, mainly in manufacturing in Asia and the Americas, to adjust capacities due to lower demand. Overall, up to 1,300 full-time equivalents are affected, of which around 900 were already reduced by the end of June 2020. Costs of the program are expected to amount to CHF 26 million, of which CHF 12 million have already been expensed in financial year 2019/20.

Net profit was 35.0% lower compared to the previous year at CHF 164.1 million, primarily because of the decline in operating profit. Based on an unchanged dividend policy to envisage a payout ratio of minimum 50% of consolidated net profit after minority interests, the Board of Directors proposes that CHF 10.50 per share be paid out for the financial year 2019/20, down from the CHF 16.00 per share paid for the previous year. The reduction in dividend is in line with the decline in net profit.

Early in the pandemic, dormakaba introduced measures aimed at improving cash flow, following the "cash is king" principle. One particularly successful measure was to reduce outstanding trade receivables by more than CHF 100 million. This has led to a noteworthy improvement in net working capital and supported net debt development from CHF 836.1 million as of 31 December 2019 to CHF 667.7 million as of 30 June 2020. Leverage (ratio of net debt to EBITDA) thus remained solid at 2.1x despite the strain caused by the crisis. Another key element of dormakaba's financial stability is the availability of sufficient committed credit lines. These are solid, with an unused amount of more than CHF 500 million at the end of the financial year 2019/20.

Continued strong focus on sustainability

The Covid-19 pandemic illustrates how important sustainability factors like health at workplaces and social responsibility are for our company and our communities. At the same time, we continue to face a global climate challenge with serious impacts for people and all the natural systems that sustain us. In the face of these interconnected challenges, we cannot afford only to tackle one or the other. We can – and must – tackle both. That is why dormakaba committed to fostering sustainable development along our value chain in line with our economic, environmental, and social responsibilities, and to the UN Sustainable Development Goals. Despite the challenges and disruptions brought by the pandemic we have remained steadfast in our sustainability activities and have again made good progress on achieving our communicated targets. Please find detailed information on our sustainability initiatives in our 2019/20 Sustainability Report.

In the period under review, we have also strengthened our sustainability governance by developing and bringing into force a Sustainability Charter, which clearly outlines the responsibilities and contributions expected from all levels of the business. For example, accountabilities are now also attributed on Board of Directors' level, with the Chairman being mandated to monitor and evaluate the implementation of the sustainability strategy and the sustainability risks and opportunities.

Our efforts and progress in sustainability have been acknowledged by independent experts in this field. In December 2019, we have been awarded a gold medal for sustainability by EcoVadis, placing us in the top 5% of our assigned sector.

Changes in the Executive Committee

In the period under review, we announced various changes in the Executive Committee. As of 1 January 2020, Steve Bewick (53) has taken over as Chief Operating Officer for the segment AS EMEA. After joining our company on 1 April for a three-month onboarding period, Alex Housten (39) has taken over as Chief Operating Officer for the segment AS AMER as of 1 July 2020. In addition, with Chief Manufacturing Officer Jörg Lichtenberg leaving dormakaba on 30 June 2020, it was decided to discontinue the Chief Manufacturing Officer role. Over four years after the merger, the company's new operating model is well established which allows management to reassign the Chief Manufacturing Officer's respective responsibilities within the organization.

Sabrina Soussan new Chief Executive Officer as of 1 April 2021

Following a thorough search process, the Board of Directors has appointed Sabrina Soussan to be my successor as Chief Executive Officer. She combines strong leadership and interpersonal skills, profound industrial knowledge and a successful track record of growing businesses profitably. Along with my colleagues of the Board of Directors, I am convinced that, with her global business

experience, her know-how in the field of technology and her drive for innovation as well as her authentic personality, she is an excellent fit for dormakaba and has everything it takes to successfully advance our business. With a view to ensuring a smooth transition, Sabrina Soussan will join dormakaba at the beginning of 2021 as a member of the Executive Committee and assume the CEO function on 1 April 2021. With this, in line with previous communications, my dual mandate as Chairman and CEO will end.

Annual General Meeting on 20 October 2020

As announced in September 2019, Rolf Dörig, member of the Board of Directors of dormakaba since 2004 and Vice-Chairman from 2006 to 2018, has decided to retire from the Board at the next Annual General Meeting on 20 October 2020. The Board of Directors is proposing John Liu to be elected as a new member. Over the course of his career, John Liu held several leadership positions in businesses driven by digitalization and thus is a recognized digital technology expert with in-depth knowledge of Asian markets. All other members of the Board of Directors will stand for re-election for another one-year term of office, with myself as Chairman and Hans Hess as Vice-Chairman and Lead Independent Director.

Outlook

Financial performance in the months of June and July 2020 indicate an improvement of the economic environment for dormakaba's businesses compared with the very weak months of April and May 2020. While some important countries for dormakaba continue to suffer from negative Covid-19 impacts, other important countries show resilience and an improved business performance.

However, due to the ongoing Covid-19 pandemic, global business visibility is still very limited. Geopolitical risks like the ongoing trade conflicts create additional uncertainty.

Under the assumption that Covid-19 or geopolitical tensions will not create additional significant deterioration of the business environment, dormakaba expects for the first quarter of financial year 2020/21 to outperform financial results of the fourth quarter of 2019/20, both in terms of organic growth and EBITDA margin. Based upon the same framework, expectation for the first half of financial year 2020/21 is to outperform second half of financial year 2019/20.

Due to the lack of visibility to the further course of business dormakaba does not provide any additional financial and business guidance for the financial year 2020/21 and beyond.

Thanks

The past financial year was an unprecedented year for all of us. The Covid-19 pandemic has significantly affected the way we live, work, and interact with each other. I want to thank our team – the Board of Directors, the Executive Committee and all dormakaba employees – for their steadfast focus in navigating dormakaba through these challenging times as 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. I am confident that dormakaba has the strong foundation necessary to continue mastering this ongoing crisis while enhancing future competitiveness and long-term profitable growth.

Stay healthy.

Sincerely yours,

A handwritten signature in black ink, appearing to be 'Riet Cadonau', written in a cursive style.

Riet Cadonau, Chairman of the Board of Directors and CEO