Infection Control

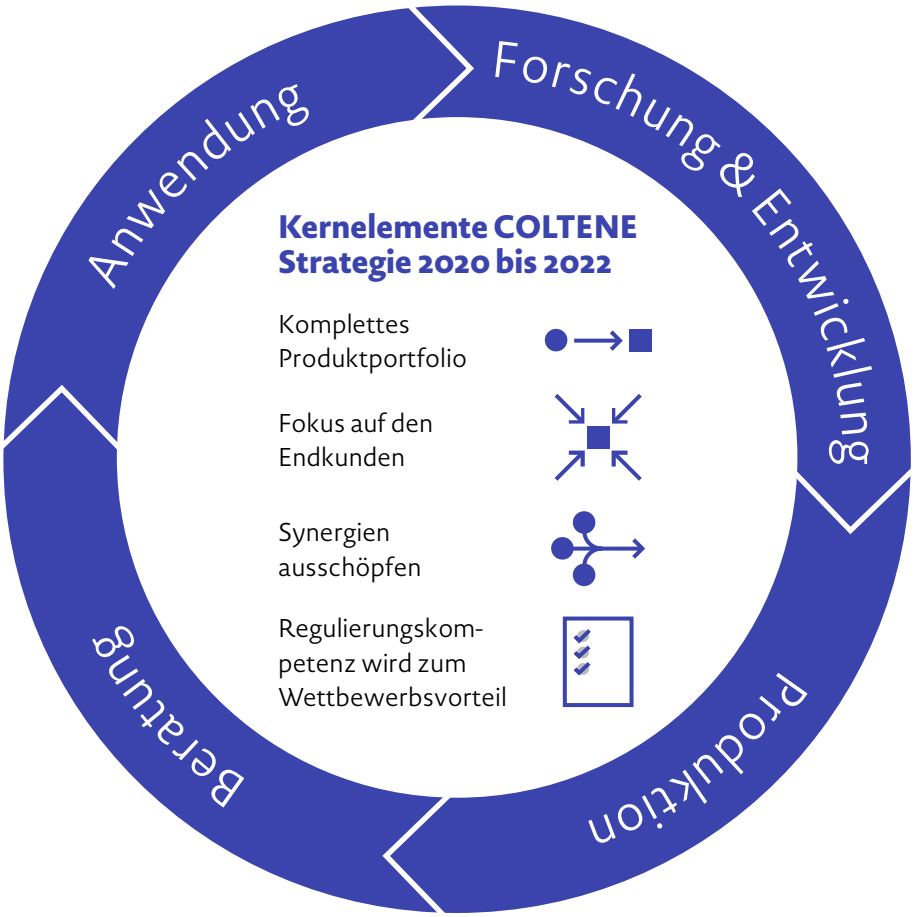
Geschäftsbericht 2020

COLTENE

COLTENE geht gestärkt aus der Krise hervor

Der Gesundheitsmarkt ist weltweit einer der am schnellsten wachsenden Wirtschaftssektoren. Dennoch traf die Coronakrise die Dentalbranche hart. COLTENE verzeichnete im zweiten Quartal einen starken Einbruch der Nachfrage, da Zahnarztpraxen praktisch rund um den Globus den Betrieb für einige Wochen weitgehend einstellen mussten. Das 2019 vorgestellte Strategieprogramm mit den vier Kernelementen des kompletten Produktportfolios, Fokus auf den Endkunden, Ausschöpfen von Synergien und Kompetenz in Regulierungsfragen bewährte sich im aussergewöhnlichen Umfeld des vergangenen Jahres. Wie das Unternehmen die Strategie an das veränderte Umfeld anpasste, lesen Sie auf den Fokusseiten 16 bis 21, in diesem Jahr mit einem Einblick in Marketing, Verkauf sowie Forschung und Entwicklung.

Die diesjährige Fotoreportage rückt die «Stars der Pandemie» ins Rampenlicht. Eine Reihe von Produkten aus dem Bereich Infektionskontrolle werden näher vorgestellt.



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Produktübersicht

Die COLTENE Gruppe gliedert ihr umfassendes Sortiment in die drei Produktgruppen Infektionskontrolle, Zahnerhaltung und Behandlungseffizienz.

Infektionskontrolle

38 %

COLTENE ist ein Systemanbieter für die Instrumenten-Wiederaufbereitung und -Sterilisation sowie die Oberflächenreinigung und -desinfektion. Die umfassende Produktgruppe beinhaltet State-of-the-Art-Ultraschallreinigungsgeräte und -lösungen, Washers, Thermodesinfektionsgeräte und Autoklaven sowie hochwertige Reinigungs- und Desinfektionstücher für alle Oberflächen in der Zahnarztpraxis.

Zahnerhaltung
Restauration, Endodontie

27 %

Mit restaurativen und endodontischen Systemen zur Bewahrung von vitaler und nicht vitaler Zahnhartsubstanz bietet COLTENE vielfältige Produkte für die nachhaltige Zahnerhaltung von der Wurzel bis zur Krone an. Das abgestimmte Sortiment umfasst hochwertige Adhäsive, Komposite, Wurzelkanalinstrumente, Spüllösungen samt Zubehör sowie Materialien für die Obturation und Versiegelung von Wurzelkanälen.

Behandlungseffizienz
Prothetik, Rotierende Instrumente, Behandlungshilfen

35 %

Die Produktgruppe Behandlungseffizienz umfasst ein breites Angebot an Produkten und Hilfsmitteln zur Effizienzsteigerung in der Zahnarztpraxis. Dazu gehören hochpräzise Abformmaterialien, qualitativ hochwertige Produkte für die Wundversorgung und Watteerzeugnisse, effiziente Absaugkanülen und leistungsstarke Rotierende Instrumente sowie Kofferdams für die Isolation des Behandlungsfeldes.

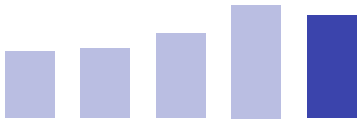
Fakten und Zahlen

COLTENE ist ein international tätiges Unternehmen für die Entwicklung, Herstellung und den Vertrieb von zahnmedizinischen Verbrauchsgütern und Kleingeräten in den Bereichen Infektionskontrolle, Zahnerhaltung und Behandlungseffizienz. Die Gruppe verfügt über modernste Produktionsstätten in den USA, Kanada, Deutschland, Frankreich und der Schweiz. Zudem ist COLTENE mit eigenen Vertriebsorganisationen in wichtigen Schlüsselmärkten wie Nordamerika, Europa, Japan, China, Indien und Brasilien präsent. Die COLTENE Gruppe beschäftigte am 31.12.2020 weltweit 1189 Mitarbeitende.

5-Jahresübersicht 2016–2020 (in CHF Mio.)

2016–2017: IFRS, ab 2018: Swiss GAAP FER

Nettoumsatz



2016	2017	2018	2019	2020
160,7	168,0	204,0	273,8	248,4

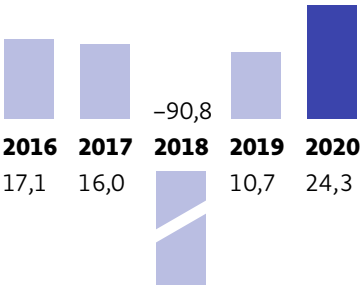
Reingewinn

2016	2017	2018	2019	2020
17,3	19,1	17,0	20,0	8,2

Betriebserfolg (EBIT)

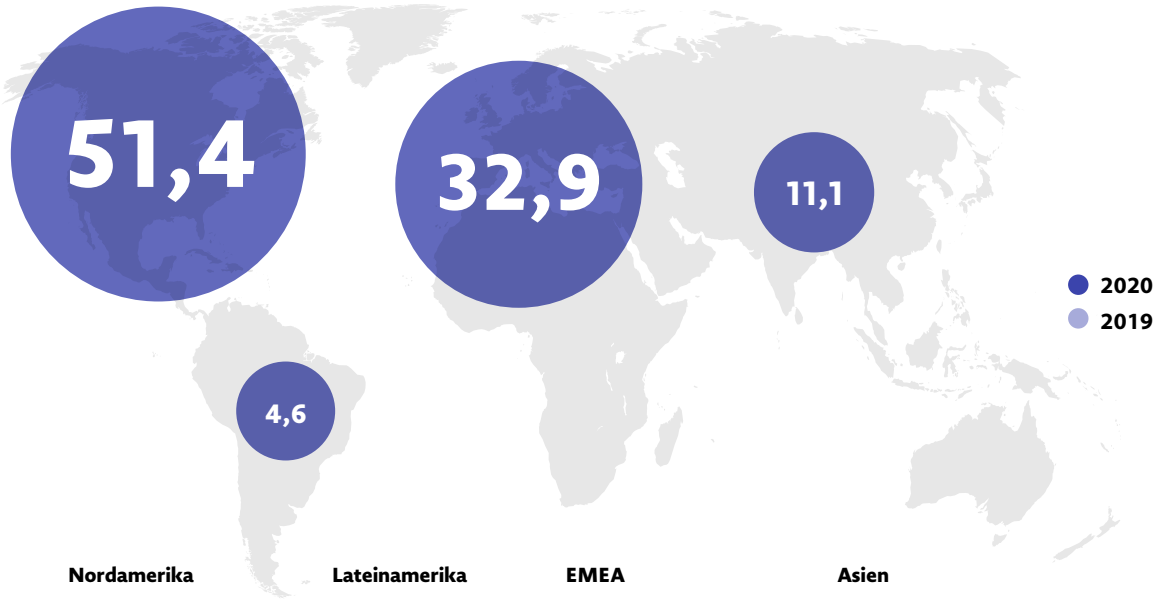
2016	2017	2018	2019	2020
23,3	25,5	25,4	32,0	23,3

Free Cash Flow



2016	2017	2018	2019	2020
17,1	16,0		10,7	24,3

Nettoumsatz nach Regionen in %



Nordamerika	Lateinamerika	EMEA	Asien
45,6	6,6	35,9	11,9

Informationen zur COLTENE Aktie

Aktienkapital und Kapitalstruktur

	2020	2019	2018	2017	2016
Nennwert pro Aktie (CHF)	**0.10**	0.10	0.10	0.10	0.10
Anzahl Namenaktien	**5 975 580**	5 975 580	5 975 580	4 219 000	4 219 000
Dispobestand	**12,50 %**	13,34 %	29,20 %	14,00 %	16,30 %
Anzahl eigene Aktien	**19**	14	3 265	0	3 700
Anzahl dividendenberechtigte Aktien	**5 975 561**	5 975 566	5 972 315	4 219 000	4 215 300
Ordentliches Kapital (CHF 1000)	**598**	598	598	422	422
Bedingtes Kapital (CHF 1000)	**0**	0	0	0	0
Genehmigtes Kapital (CHF 1000)	**0**	7	7	0	0
Total Stimmrechte	**5 975 580**	5 975 580	5 975 580	4 219 000	4 219 000

Börsenkennzahlen pro Aktie

CHF	2020	2019	2018	2017	2016
Börsenkurs höchst	**97.30**	**103.60**	124.00	103.50	75.50
Börsenkurs tiefst	**56.10**	**72.00**	80.00	74.50	57.00
Jahresendkurs	**86.00**	**88.80**	84.30	94.90	74.05
Durchschnittliches Volumen/Handelstag (Stück)	**5 008**	**5 442**	4 084	4 324	2 728
Börsenkapitalisierung in CHF Mio. (31.12.)	**514**	**531**	504	400	312

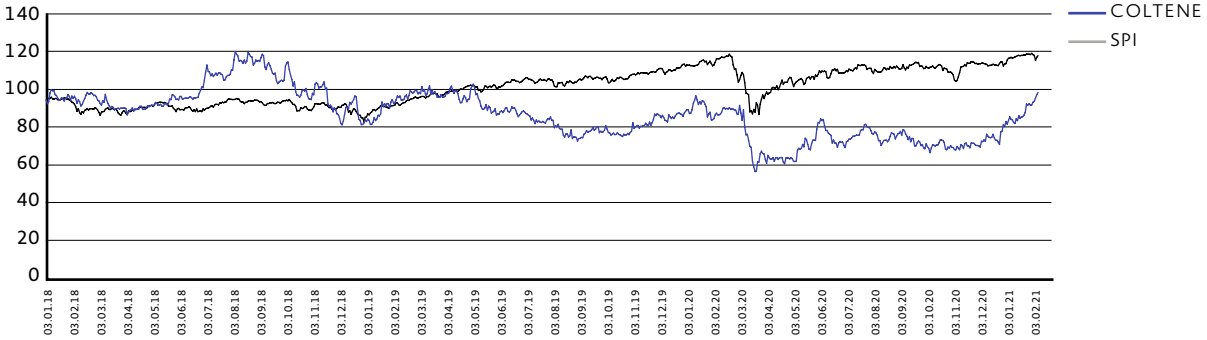
Kennzahlen pro Aktie[1]

CHF	2020	2019	2018	2017	2016
Reingewinn pro Aktie – unverwässert	**1.38**	**3.35**	3.61	4.52	4.10
Reingewinn pro Aktie – verwässert	**1.38**	**3.35**	3.61	4.52	4.10
Betrieblicher Cash Flow pro Aktie	**5.82**	**3.98**	4.12	5.19	5.38
Free Cash Flow pro Aktie	**4.06**	**1.79**	–15.20	3.80	4.05
Ausschüttung pro Aktie	**3.00[2]**	**1.50**	3.00	3.00	2.70
Eigenkapital pro Aktie	**15.10**	**15.26**	14.76	28.85	26.63

[1] 2016–2017: IFRS, ab 2018: Swiss GAAP FER.
[2] Antrag des Verwaltungsrats an die Generalversammlung vom 31. März 2021: Ausschüttung von CHF 3.00 pro Aktie aus Kapitaleinlagereserven mit Auslandbezug und ohne Berücksichtigung der eigenen Aktien.

Entwicklung Aktienkurs (03.01.2018 bis 03.02.2021)

CLTN Namenaktien/Swiss Performance Index (SPI) angepasst



Der Wert einer COLTENE Aktie verlor im Jahr 2020 3,2 % von CHF 88.80 auf CHF 86.00. COLTENE schüttete im Berichtsjahr am 8. April eine Dividende von CHF 1.50 pro Aktie aus. Die Gesamtperformance inklusive Dividende im Jahr 2020 betrug –1,5 %. Seit dem 1. Februar 2021 sind die Aktien der COLTENE Holding AG in den beiden ESG-Indizes der SIX Swiss Exchange SPI ESG und SPI ESG Weighted enthalten.

Aktionärsstruktur[1]

Per 31. Dezember 2020 waren 2204 Aktionäre (2203) im Aktienregister eingetragen. Die folgenden Aktionäre hielten am Jahresende 3 % oder mehr des ausstehenden Aktienkapitals der COLTENE Holding AG:

	31.12.2020	31.12.2019
HUWA Finanz- und Beteiligungs AG	**22,28 %**	22,18 %
Arthur Zwingenberger	**17,28 %**	17,20 %
Rätikon Privatstiftung	**10,18 %**	10,18 %
Tweedy, Browne Company LLC	**4,21 %**	4,21 %
Robert Heberlein	**4,02 %**	3,46 %
Credit Suisse Asset Management Funds AG[2]	**n.a.**	3,49 %
UBS Fund Management (Switzerland) AG[2]	**n.a.**	3,26 %

[1] Für weitere Details siehe Seite 39 im Teil Corporate Governance dieses Geschäftsberichts.
[2] Aktienbestand am 31. Dezember 2020 <3 %

Kontaktadresse

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Aktienregister

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ShareCommService AG
Telefon +41 79 245 11 09
E-Mail sven.huber@sharecomm.ch

Kalender

Veröffentlichung Jahresbericht und Medien- und Analystenkonferenz zum Geschäftsjahr 2020	5. März 2021
Generalversammlung 2021	31. März 2021
Veröffentlichung Halbjahresbericht und Medien- und Analystenkonferenz zum Halbjahresabschluss 2021	6. August 2021
Veröffentlichung Jahresbericht und Medien- und Analystenkonferenz zum Geschäftsjahr 2021	4. März 2022
Generalversammlung 2022	21. April 2022
Veröffentlichung Halbjahresbericht und Medien- und Analystenkonferenz zum Halbjahresabschluss 2022	5. August 2022

Highlights 2020

35,5 %

Infection Control

Der Umsatz des strategisch zentralen Bereichs Infektionskontrolle profitierte von der COVID-19-Pandemie und legte markant zu.

24,3 Mio.

Free Cash Flow

COLTENE erzielte mit CHF 24,3 Mio. den bisher höchsten Free Cash Flow.

95,9 %

Umsatz fast auf Vorjahresniveau

Im Berichtsjahr 2020 konnte der Umsatz in Lokalwährungen trotz der COVID-19-Pandemie fast auf Vorjahresniveau gehalten werden.

28 %

Frauen in Führungspositionen

Die COLTENE Gruppe beschäftigt zu 28 % Frauen in Führungspositionen. Der gesamte Frauenanteil der Belegschaft beträgt 50 %.

600 Mio.

OPTIM Wipes

COLTENE verkaufte 2020 über 600 Millionen OPTIM Tücher für die sichere Oberflächendesinfektion in Zahnarztpraxen.

12,9 %

EBIT-Marge

COLTENE steigerte die EBIT-Marge vor Sondereffekten im Jahr 2020 im Vergleich zum Vorjahr deutlich.

Vorwort

Sehr geehrte Aktionärinnen, sehr geehrte Aktionäre

Wie schnell sich die Welt doch dreht! Im Halbjahresbericht hat die COLTENE Gruppe den schärfsten Umsatzrückgang in ihrer Geschichte und einen um 80 % tieferen EBIT vermeldet. Die globale Pandemie schlug im zweiten Quartal voll auf den Umsatz durch. Doch liess sich die COLTENE Gruppe deswegen nicht beirren. Vielmehr hat die Krise angespornt, alles zu tun, um die finanziellen Auswirkungen zu minimieren. So wurden in der ganzen Gruppe die Prioritäten rasch angepasst und dem Bereich Infektionskontrolle mehr Gewicht verliehen.

Im zweiten Halbjahr erholten sich die Dentalmärkte dann weltweit rascher als erwartet und die Umsätze legten überproportional zu. Während in den Bereichen Zahnerhaltung und Behandlungseffizienz im Vergleich zum Vorjahr schliesslich währungsbereinigt 19,4 % respektive 18,2 % weniger verkauft werden konnte, nahmen die Umsätze im Bereich Infektionskontrolle über das ganze Jahr um 35,5 % zu.

Erholung im zweiten Halbjahr

Dank einem überdurchschnittlichen Wachstum im zweiten Semester weist die COLTENE Gruppe für das Geschäftsjahr 2020 einen Nettoumsatz von CHF 248,4 Mio. aus (Vorjahr: CHF 273,8 Mio.). Der Umsatz in Lokalwährungen ging lediglich um 4,1 % zurück, wobei der Umsatzrückgang im abgelaufenen Geschäftsjahr in Schweizer Franken 9,3 % betrug. Was die geografische Umsatzentwicklung betrifft, konnte die COLTENE Gruppe in der Schweiz und in Nordamerika zulegen, musste in den meisten anderen Märkten aber Rückgänge verzeichnen. Das Betriebsergebnis (EBIT) lag vor der Berücksichtigung der einmaligen Belastung aus dem Verkauf der brasilianischen Tochtergesellschaft Vigodent bei CHF 32,1 Mio. und somit über den Erwartungen. Daraus ergibt sich eine EBIT-Marge von 12,9 %. Der ausgewiesene Reingewinn der COLTENE Gruppe vor Einmaleffekten lag mit CHF 19,9 Mio. auf dem Niveau des Vorjahres (2019: CHF 20,0 Mio.). Der im Geschäftsjahr 2020 ausgewiesene EBIT betrug CHF 23,3 Mio. (Vorjahr: CHF 32,0 Mio.) und der ausgewiesene Reingewinn CHF 8,2 Mio. (Vorjahr: CHF 20,0 Mio.).

Die Auswirkungen der Pandemie auf die COLTENE Gruppe konnten minimiert werden.

Verkauf von Vigodent

Angesichts der wirtschaftlich und politisch instabilen Situation in Brasilien haben Verwaltungsrat und Management entschieden, die brasilianische Tochtergesellschaft Vigodent Ende 2020 an lokale Unternehmer zu verkaufen. Aus dem Verkauf resultierte eine einmalige, nichtliquiditätswirksame Belastung von CHF 11,7 Mio. Der Verkauf reduziert die künftigen

Nick Huber, Präsident des Verwaltungsrats Martin Schaufelberger, CEO

Umsätze der COLTENE Gruppe um jährlich rund CHF 7,3 Mio., wird sich aber positiv auf die operative Marge auswirken. In Zukunft wird COLTENE ihre Produkte in Brasilien direkt über grosse Dentalhändler vertreiben.

Integriert und fokussiert

Die Integration von SciCan und Micro-Mega schritt weiter voran, insbesondere dank der Einführung gruppenweit einheitlicher Softwaresysteme und Prozesse. Dazu gehören SAP als Enterprise-Resource-Planning-System (ERP), das zentrale Produktinformations-System (PIM) sowie das Kunden-Management-System (CRM). Die Produktion von Kenda wurde 2020 vollständig von Vaduz nach Altstätten verlegt und integriert.

Marketing und Verkauf haben sich trotz signifikanten Einsparungen rasch an die neuen Realitäten angepasst. Durch den Wegfall von Messen und persönlichen Kontakten fokussierten die Teams auf die Online-Kommunikation. Zum Beispiel wurde

Die COLTENE Gruppe konnte in der Schweiz und in Nordamerika zulegen, musste in den meisten anderen Märkten aber Rückgänge verzeichnen.

der direkte Kontakt zu den Endkunden erfolgreich über Webinare ausgebaut. Zudem wurde die Gruppenwebsite überarbeitet. Sie präsentiert sich in neuem Design und einer zentralen Markensprache. Schliesslich hat sich der Verkauf stärker auf Dental Service Organizations (DSOs) und Grosshändler ausgerichtet.

Strategisch fokussiert sich COLTENE darauf, im Produktbereich Infektionskontrolle mit Innovationen überdurchschnittliches Wachstum zu erzielen. Durch die Coronapandemie haben diese Produkte stark an Bedeutung gewonnen, denn sie machen Zahnarztpraxen sicher und ermöglichen eine zuverlässige Desinfektion und die Einhaltung der geforderten Hygienestandards. Mehr zu den strategischen Schwerpunkten 2020 bis 2022 der COLTENE Gruppe lesen Sie auf den Fokusseiten 16 bis 21.

Nachhaltig mit sozialem Schwerpunkt

Nachhaltigkeit bedeutete für COLTENE 2020 vor allem, auch aufgrund der COVID-19 Pandemie, den Schutz der Arbeitsplätze und die Gesundheit der Mitarbeitenden mit einem umfassenden Massnahmenpaket zu gewährleisten sowie die Liquidität und Rentabilität des Unternehmens sicherzustellen. In Europa wurde überall wo möglich Kurzarbeit eingeführt, womit Entlassungen weitgehend vermieden wurden. Mit der vollständigen Integration der Produktion und der Mitarbeitenden von KENDA in Altstätten wurden Kosten massgeblich gesenkt. In den USA wurde rund die Hälfte der 400 Mitarbeitenden temporär freigestellt, unter Fortführung der Sozialleistungen. Die COLTENE Gruppe konnte so das Knowhow der Mitarbeitenden erhalten. Die Berichterstattung über die nachhaltige Ausrichtung von COLTENE wird mit diesem Bericht weiter ausgebaut. Lesen Sie mehr dazu im Kapitel Produktion und Umwelt ab Seite 28.

COLTENE baut im Kapitel Produktion und Umwelt die Nachhaltigkeitsberichterstattung weiter aus.

Preis der Rheintaler Wirtschaft

Am 22. Januar 2021 wurde der Coltène/Whaledent AG in Altstätten der Preis der Rheintaler Wirtschaft verliehen. Er ist mit der Übergabe einer Bronzestatue des lokalen Bildhauers Jürg Jenny verbunden. Der Preis würdigt Unternehmen, die unternehmerisch engagiert und innovativ sind, sich durch ihre Investitionen zum Standort Rheintal bekennen und dank ihren Produkten und Dienstleistungen über das St. Galler Rheintal hinausstrahlen und dadurch Vorbildcharakter haben. Martin Schaufelberger, CEO der COLTENE Gruppe, konnte diesen Preis persönlich im Rahmen des virtuell durchgeführten Rheintaler Wirtschaftsforums entgegennehmen.

Dividende

Der Verwaltungsrat wird den Aktionären eine Dividende von CHF 3.00 pro Aktie vorschlagen. Die Dividende soll aus Kapitaleinlagereserven mit Auslandbezug und damit für natürliche Personen mit Wohnsitz in

der Schweiz steuerfrei ausbezahlt werden. Das erfreuliche Resultat des Berichtsjahres und die Liquiditätsreserven lassen die Verdoppelung der Dividende und somit die Rückkehr auf das Niveau der Vorjahre zu.

Ausblick

Das COLTENE Portfolio hat sich während der Pandemie bewährt. Die Strategie der Fokussierung und des Ausbaus des Produktbereichs Infektionskontrolle hat den Härtetest bestanden, die Eckpfeiler bleiben unverändert. Im Zentrum steht organisches Wachstum in den Hauptmärkten mit den drei Produktbereichen Infektionskontrolle als Schwergewicht sowie Zahnerhaltung und Behandlungseffizienz.

Die Gruppe hält am Ziel einer EBIT-Marge von 15 % und einem leicht über dem Markt liegenden Umsatzwachstum fest.

Auch wurde – Stichworte Kostensenkung und rasche Investitionen in den Bereich Infektionskontrolle – die Agilität unter Beweis gestellt. Die COLTENE Gruppe ist gut positioniert, um Herausforderungen wie dem intensiven Wettbewerbsumfeld, der wachsenden Digitalisierung und neuen Regulierungen zu begegnen. Die neue EU-Verordnung zu Medizinprodukten (MDR) tritt im Mai 2021 in Kraft. COLTENE hat das erste MDR-Zertifikat bereits 2020 erhalten und damit den hohen Qualitätsstandard seiner Produkte und Prozesse unter Beweis gestellt.

Die Gruppe hält am mittelfristigen Ziel einer EBIT-Marge von 15 % und einem leicht über dem Markt liegenden Umsatzwachstum fest und geht für 2021 von einer Rückkehr der Nachfrage in den Bereichen Zahnerhaltung und Behandlungseffizienz auf das Niveau von 2019 aus.

Dank

Im Namen des Verwaltungsrats und der Konzernleitung bedanken wir uns bei allen Mitarbeitenden für ihren grossen und wertvollen Einsatz in diesem herausfordernden Jahr.

Unser besonderer Dank geht an die Kunden, Geschäftspartner und Aktionäre für ihr Vertrauen in Unternehmen und Führungsteam. Wir werden alles daransetzen, diesem Vertrauen auch in Zukunft gerecht zu werden, und hoffen sehr, Sie alle im kommenden Jahr wieder vermehrt persönlich zu treffen.

Nick Huber
Präsident des Verwaltungsrats

Martin Schaufelberger
CEO

OPTIM Wipes

Zum Schutz von Patienten und Mitarbeitenden

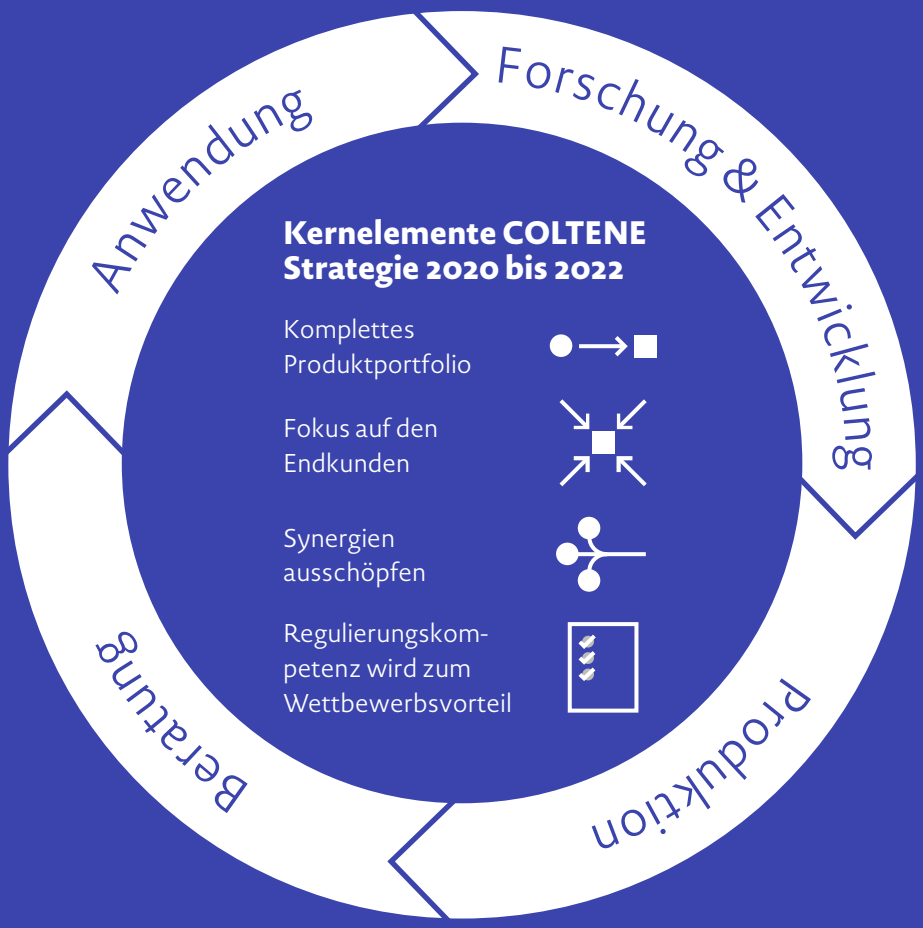
Die Produkte der OPTIM Linie von SciCan reinigen und desinfizieren in einem Arbeitsschritt. Sie sind vollständig viruzid und verfügen über ein hohes Breitbandwirk-spektrum. Die Tücher verursachen keine Reizungen der Haut und sind in der täglichen Anwendung von vielen Kundinnen und Kunden geschätzt.

Fokussierung

Seit 2019 positioniert sich COLTENE verstärkt als Lösungsanbieter mit komplettem Produktportfolio für die wichtigsten Prozesse in der Zahnarztpraxis und einem klaren Fokus auf Zahnärztinnen und Zahnärzte als Endkunden. Diese gegen aussen gerichteten Strategieelemente werden unterstützt durch die internen Prozesse zur Synergiegewinnung sowie den weiteren Aufbau der Kompetenzen im Bereich Regulierung.

Fokussierung

Wie die vier Strategieelemente 2020 umgesetzt wurden und welche Pläne für 2021 bestehen, beantworten auf den folgenden Seiten zwei Mitglieder der Gruppenleitung. Dr. Werner Barth, Vice President Product Management/ Group Marketing, beleuchtet Strategieelemente aus der Sicht der Markenführung und des Vertriebs. Dr. Martin Schlüter, Vice President R&D/Innovation, berichtet aus Forschung und Entwicklung.



Fragen an:

Dr. Martin Schlüter, Vice President R&D/Innovation der COLTENE Gruppe

Seit Mai 2020 gilt die neue europäische Medizinprodukteverordnung Medical Device Regulation (MDR). Dr. Martin Schlüter erklärt, wie sich die MDR auf Forschung und Entwicklung auswirkt, was das Internet of Things COLTENE bringt und was Innovation bedeutet.

Wie wirkt sich die MDR auf Forschungs- und Entwicklungsprozesse aus?
Wir haben das MDR-Zertifikat in Altstätten schon relativ früh, Anfang 2020, erhalten. Nun können wir von internen Lernprozessen profitieren. Die fortschreitende Digitalisierung im Qualitätsmanagement und in der Forschung und Entwicklung erlaubt uns eine effizientere Datenverwaltung und die Standardisierung von Prozessen. Diese Elemente sind für die globale Umsetzung der MDR wichtig.

Wie ist COLTENE in Forschung und Entwicklung aufgestellt?
Wir haben an jedem Produktionsstandort eine eigene Forschung und Entwicklung mit unterschiedlichen Kernkompetenzen sowie standortübergreifende Projektteams. Die standortübergreifende Zusammenarbeit haben wir in der Pandemie verstärkt. Neue agile und digitale Projektmanagementtools erleichtern die internationale und interdisziplinäre Arbeit genauso wie standardisierte Prozesse. In allen Entwicklungsprojekten sind neben Entwicklern und Ingenieuren auch Vertreterinnen und Vertreter des Produktmanagements, der Registrierung und der Produktion eingebunden, so dass wir Marktanforderungen, internationale Produktzulassungen und Produktionskosten während des gesamten Entwicklungsprozesses im Fokus behalten.

Wie vergleicht sich COLTENE hinsichtlich ihrer Innovationskraft mit der Konkurrenz?
COLTENE arbeitet eng mit Universitäten und Forschungsinstituten zusammen. Auf unserer Website finden sich über 300 Links zu wissenschaftlichen Publikationen, in denen unsere Produkte untersucht und mit Wettbewerbsprodukten verglichen wurden. Über diesen Weg messen wir uns mit den Konkurrenten, aber auch an uns selbst, und die unabhängigen Resultate dienen uns als Ansporn, um noch besser zu werden.

Wie plant COLTENE Produktlebenszyklen?
Auch im Produktlebenszyklus berücksichtigen wir die Anforderungen der Kundinnen und Kunden. Es gibt Sortimente, insbesondere bei den Verbrauchsmaterialien, die auf etablierten Verfahren in der Behandlung basieren. Hier sind die Zyklen typischerweise länger, eine Ablösung findet kontinuierlich und behutsam statt. Bei Geräten ist die Innovationsrate dynamischer, deshalb investieren wir viel Arbeit in die neue digitale Plattform für Geräte im Bereich Infektionskontrolle. Hier hat die Pilotphase begonnen, und wir sind optimistisch, dass wir das erste Produkt, basierend auf der neuen Plattform, 2021 am Markt lancieren zu können.

Was beinhalten diese zukünftigen digitalen Dienstleistungen, die auch unter dem Schlagwort «Internet of Things» laufen?
Die neue digitale Plattform bietet kundenorientierte Lösungen für die Zahnarztpraxis zur Erfüllung der steigenden Qualitäts- und Dokumentationsanforderungen, vereinfachte Fernwartung sowie die Möglichkeit von zusätzlichen kommerziellen Dienstleistungen. Wir rechnen in Zukunft mit einer stärkeren Regulierung von Abläufen in Zahnarztpraxen und dabei insbesondere von Reinigungs- und Desinfektionsprozessen. Dafür müssen Daten erfasst, gespeichert und über Schnittstellen zugeordnet werden können. Das Internet of Things spielt dabei eine wichtige Rolle, denn es ermöglicht die Kommunikation der Systeme und deren Komponenten untereinander sowie mit dem Anwender und der Cloud. Ziel ist eine transparente Dokumentation aller Reinigungs- und Desinfektionsprozesse in der Praxis und eine stetige Optimierung der Systeme mittels Datenanalyse.

In welchem Produktbereich sind die Entwicklungen derzeit besonders dynamisch?
Bei all den Produkten, die sich mit Digitalisierung beschäftigen oder dazu Anknüpfungspunkte haben. Das sind die Geräteplattform – mit zusätzlichen digitalen Dienstleistungen – sowie alle Produkte, die sich mit CAD/CAM-Technologie beschäftigen, wie zum Beispiel BRILLIANT Crios. Zudem forcieren wir die Kombination unserer Geräte mit den Verbrauchsmaterialien.
Das neue System zur Wurzelkanalaufbereitung CanalPro Jeni ist so ausgelegt, dass die programmierten Bewegungszyklen des Motors optimal auf unsere Wurzelkanalfeilen und Verbrauchsmaterialien zur Versiegelung des Wurzelkanals abgestimmt sind. Somit ermöglicht das System CanalPro Jeni eine einfache und sichere Wurzelkanalbehandlung für Spezialisten und niedergelassene Zahnärzte, inklusive regelmässiger Software-Updates.

Was bedeutet Innovation bei COLTENE?
Wir stellen den Status quo auf allen Ebenen ständig in Frage. Innovation steht für Erneuerung nicht nur auf der Produktebene, sondern auch bei den Prozessen und in der Kommunikation zu den Zahnärztinnen und Zahnärzten. Dabei ist es wichtig, die richtige Balance zwischen Kreativität und den regulatorischen Anforderungen zu finden. Kreativität in der Ideenphase, Effizienz und Agilität in der Umsetzung sowie Standardisierung in der Dokumentation sind unsere Maximen.

Auf welche Fortschritte und Innovationen aus dem Jahr 2020 sind Sie besonders stolz?
Zuallererst möchte ich sagen, dass ich auf das gesamte Team sehr stolz bin, da es in einer schwierigen Zeit einen ausgezeichneten Job gemacht hat. Des Weiteren möchte ich die erzielten Fortschritte bei der standortübergreifenden Zusammenarbeit und der Standardisierung von Prozessen erwähnen und natürlich die Innovationen im Bereich der Wurzelkanalbehandlung mit dem System CanalPro Jeni und der Entwicklung der neuen digitalen Plattform im Bereich der Infektionskontrolle. Wir haben damit im Jahr 2020 die Grundlagen für weitere Innovationen und stetiges Wachstum gelegt.

Den Digitalisierungsschub nutzen

Dr. Werner Barth, Vice President Product Management/Group Marketing der COLTENE Gruppe

Die Pandemie beschleunigte die digitale Transformation der COLTENE Gruppe. Während Messen abgesagt wurden und Kundensitzungen nicht mehr stattfinden konnten, bauten die COLTENE Teams rasch ein System für Webinare auf, nahmen eine neue Startseite für den Webaufritt in Betrieb und verlagerten die Kundenkommunikation auf digitale Kanäle.

COLTENE hat 2020 die Werbung verstärkt auf Online-Kanäle verlegt und die Social Media Communities weiter ausgebaut. Inhaltlich wurde das Storytelling gestärkt, zunächst mit Online-Beiträgen zum Thema Infektionskontrolle in der Zahnarztpraxis, zum neuen digitalen Assistenzsystem zur Kanalaufbereitung CanalPro Jeni und zur BRILLIANT Linie für Restaurationen, deren Farbpalette vergrössert wurde. Intern wurden zentrale Systeme ausgerollt, was einen besseren Informations- und Dokumentenaustausch sowie schlankere Prozesse ermöglicht. Anfang 2021 ist zudem die neue Product Life Cycle Management (PLM) Software in Altstätten als erstem Standort in Betrieb genommen worden.

Sortiment weiterentwickelt
Sämtliche Oberflächendesinfektionsmittel werden nun unter der Marke OPTIM vermarktet, was den Markenauftritt der Linie stärkt. Die Produkte der OPTIM Desinfektionslinie erfreuen sich grosser Beliebtheit. Sie punkten mit sicherer Desinfektion, guten Reinigungseigenschaften, einfacher Handhabung und hoher Umweltverträglichkeit. Zudem sind sie sehr gut hautverträglich. Die Nachfrage blieb bis Ende 2020 auf hohem Niveau stabil. Weiter konnte COLTENE das Sortiment im Bereich Infektionskontrolle mit Thermodesinfektoren und Autoklaven komplettieren.

Im Bereich der Endodontie ist die Erweiterung des Markenportfolios mit den Produkten von Micro-Mega abgeschlossen. Durch das neue Gesamtportfolio ist COLTENE in der Lage, Märkte in allen Entwicklungsstufen zu bedienen. Mit dem Sortiment von Micro-Mega wurde besonders die Präsenz in Wachstumsmärkten gestärkt.

Die wichtigste Innovation im Hightechbereich war 2020 der neue CanalPro Jeni. Das digitale Assistenzsystem zur Kanalaufbereitung steuert die Feilenbewegungen im Millisekundentakt. Die Rotation der Feile wird dabei laufend an die Wurzelkanalanatomie angepasst. Mit diesem innovativen Gerät zur Wurzelkanalbehandlung erschliessen sich neue Zielgruppen. So ist es auch nicht auf Endodontie spezialisierten Zahnärztinnen und Zahnärzten möglich, mit diesem Gerät Wurzelkanalbehandlungen sicher und erfolgreich durchzuführen.

Die COLTENE Verkaufs- und Marketingteams stellten 2020 ihre rasche Anpassungsfähigkeit unter Beweis.

Für die persönliche Kontaktpflege werden regionale Messen weiterhin wichtig sein.

Dachmarke COLTENE
Die Positionierung von Coltene als Dachmarke schreitet weiter voran. Insbesondere Vorträge, Kurse und Workshops eigenen sich gut, um das Wissen über das gesamte COLTENE Sortiment bei den Kunden zu verankern. Mit der «Dental Management Academy» verfügt COLTENE über ein starkes Gefäss, um die zentralen Botschaften, das Qualitätsversprechen und die Produkte optimal zu positionieren. Rund 40 internationale Meinungsführer gehören der «Dental Management Academy» als externe Lektoren an. 2020 konnten fast keine Seminare mit physischer Teilnahme stattfinden, dafür wurden die Webinare stark ausgebaut.

Die Marke COLTENE ist bei Universitäten, Ausbildungsstätten und Meinungsführern bereits stark verankert, das zeigen die vielen Anfragen für gemeinsame Projekte und zahlreiche Nennungen in Publikationen. Bei den Forschenden und Lehrenden ist COLTENE bekannt als eine innovative Firma, die jederzeit offen ist, um Neues auszuprobieren und sich gerne an Forschungs- und Entwicklungsprojekten beteiligt.

Kunde im Zentrum
In Nordamerika sind seit 2020 Spezialistenteams im Einsatz, die spezifisch auf die Bedürfnisse der Dental Service Organizations (DSOs) eingehen. Hierbei stehen in den Verhandlungen mit spezialisierten Einkäufern immer stärker die begleitenden Services und die Präsentation sowie die Lieferkonditionen und Preise im Fokus. Auch in Europa richtet sich COLTENE stärker nach den DSOs aus, zudem wurde ein Endodontie-Spezialteam eingesetzt.

Um das Unternehmen bei den Zahnärztinnen und Zahnärzten trotz der Pandemie weiter bekannt zu machen, führte COLTENE über die «Dental Management Academy» auf der neu aufgebauten Webinar-Plattform über 30 Webinare auf nationaler und überregionaler Ebene durch. Insgesamt nahmen an den Webinaren über 5000 Personen teil, pro Webinar durchschnittlich 160.

Mit dem neuen CanalPro Jeni wird die Wurzelkanalaufbereitung stark vereinfacht.

Operativer Rückblick und Finanzkommentar

Nach einem starken ersten Quartal 2020 mit hohem Wachstum und einer überdurchschnittlichen operativen Marge folgte der Einbruch durch die staatlich verordnete teilweise oder gänzliche Schliessung eines Grossteils der Zahnarztpraxen wegen der COVID-19-Pandemie in den Kernmärkten der COLTENE Gruppe. Während die Umsätze in den Bereichen Zahnerhaltung und Behandlungseffizienz einen Umsatzrückgang erlitten, waren die Produkte des Bereichs Infektionskontrolle als Antwort auf die gestiegenen Hygieneanforderungen in den Zahnarztpraxen sehr gut positioniert und konnten einen bedeutenden Teil des COVID-19-bedingten Umsatzrückgangs der Gruppe kompensieren.

Top-Line beeinflusst durch COVID-19 und starken Schweizer Franken
Im Geschäftsjahr 2020 erzielte die COLTENE Gruppe einen Nettoumsatz von CHF 248,4 Mio. (2019: CHF 273,8 Mio.). Dies bedeutet einen Rückgang von 9,3 % in der Berichtswährung Schweizer Franken. Nebst den COVID-19-bedingten Umsatzrückgängen hat die Erstarkung des Schweizer Frankens im Vergleich zu USD, CAD und EUR deutliche Spuren hinterlassen und den rapportierten Nettoumsatz im Vergleich zum Vorjahr um CHF 14,1 Mio. (–5,2 %) gedrückt. In Lokalwährungen lagen die Verkäufe nur –4,1 % hinter dem Vorjahr.

Starkes Wachstum im Bereich Infektionskontrolle
Die unmittelbaren Folgen der COVID-19-Pandemie zeichneten sich auch in der Veränderung der Anteile der einzelnen Produktgruppen am Jahresumsatz der COLTENE ab. So stieg die Nachfrage nach Produkten der Infektionskontrolle währungsbereinigt im Vergleich zum Vorjahr um 35,5 %, während die Bereiche Zahnerhaltung und Behandlungseffizienz Einbussen von 19,4 % bzw. 18,2 % erlitten. Damit löste der Bereich Infektionskontrolle mit einem Umsatzanteil von 37,9 % (CHF 94,1 Mio.) am Gruppenumsatz 2020 den Bereich Behandlungseffizienz (35,4 % oder CHF 87,9 Mio.) an der Spitze ab. Der Anteil der Produktgruppe Zahnerhaltung sank auf 26,7 % (CHF 66,4 Mio.). Ohne die positive Entwicklung des durch die Akquisition der SciCan Gruppe merklich gestärkten Bereichs Infektionskontrolle, hätte die COLTENE Gruppe im Jahr 2020 COVID-19-bedingt einen Umsatzrückgang von 23 % erlitten (währungsbereinigt –19 %). Die strategische Bedeutung der Akquisition der SciCan Gruppe wurde durch die Pandemie eindrücklich bestätigt.

Die Bedeutung der Akquisition der SciCan Gruppe wurde durch die Pandemie eindrücklich bestätigt.

Nordamerika (NAM) baut Stellung als wichtigste Verkaufsregion weiter aus
Die Bedeutung des nordamerikanischen Marktes mit einem Umsatzanteil von 45,6 % im Jahr 2019 ist durch die starke Nachfrage nach Produkten der Infektionskontrolle – ganz besonders im Heimmarkt der SciCan – weiter gestiegen. So belief sich im Geschäftsjahr 2020 der Umsatz in NAM auf

CHF 127,7 Mio., was 51,4 % des Gesamtumsatzes entsprach (2019: CHF 124,8 Mio. oder 45,6 % des Gesamtumsatzes). In der Region EMEA sanken die Umsätze auf CHF 81,8 Mio. (2019: CHF 98,3 Mio.), entsprechend einem Anteil von 32,9 % (2019: 35,9 %) am Gesamtumsatz. In den Verkaufsregionen Asien und Südamerika generierte COLTENE Umsätze von CHF 27,6 Mio. (2019: CHF 32,6 Mio.), was 11,1 % (2019: 11,9 %) des Gesamtumsatzes entsprach, respektive CHF 11,3 Mio. (2019: CHF 18,1 Mio.) oder 4,6 % (2019: 6,6 %) des Gesamtumsatzes.

In den Märkten in Kanada und der Schweiz sind die Umsätze im Vergleich zum Vorjahr trotz der weltweiten Pandemie um 9,5 % respektive 5,9 % gestiegen. In den USA konnte das Umsatzniveau gehalten bzw. in Lokalwährung um 6,2 % gesteigert werden. In den meisten anderen Märkten der Welt sind die Umsätze im Vergleich zum Vorjahr zurückgegangen. Allen voran im Mittleren Osten, im Vereinigten Königreich, in Frankreich und in Deutschland. Die Verkäufe in China haben sich nach dem Lockdown relativ schnell erholt und verloren in Lokalwährung auf Jahresbasis 4,2 % respektive 9,6 % in Schweizer Franken.

In den Märkten in Kanada und der Schweiz sind die Umsätze im Vergleich zum Vorjahr trotz der weltweiten Pandemie um 9,5 % respektive 5,9 % gestiegen.

Kostensenkung und Anpassung an neue Realitäten

Auf die staatlich angeordnete Schliessung von Zahnarztpraxen folgten rasche Massnahmen zum Schutz der Arbeitsplätze und der Gesundheit der Mitarbeitenden. Im Zentrum standen zudem die Anpassung der Produktionskapazitäten an die veränderte Nachfrage der Dentalmärkte, die Sicherstellung der Liquidität und der Erhalt der Rentabilität.

Wo möglich wurde Kurzarbeit eingeführt und in Nordamerika wurden Mitarbeitende temporär freigestellt (unter Fortführung der Sozialleistungen). Insgesamt konnte der Personalaufwand der Gruppe im Vergleich zum Vorjahr um CHF 13,3 Mio. (–13,6 %) reduziert werden. Davon machen die erhaltenen Entschädigungen für Kurzarbeit rund CHF 3,8 Mio. aus. Dank der Erholung der Dentalmärkte im zweiten Halbjahr hat sich die Auslastung der Produktionsstätten bis Ende Jahr wieder normalisiert und der Personalbestand bei 1189 FTEs rund 9 % unter Vorjahresniveau eingependelt (2019: 1302 FTEs (ohne die im Jahr 2020 verkaufte Gruppengesellschaft Vigodent)).

Durch die aus Vorsichtsüberlegungen temporäre Erhöhung und Ziehung von Kreditlinien konnte die Gruppe die Liquidität weltweit zu jedem Zeitpunkt sicherstellen. Bis zum Jahresende haben sich die Bankkredite mit CHF 59,9 Mio. wieder auf Vorjahresniveau eingependelt (2019: CHF 59,2 Mio.). Die Nettoverschuldung wurde bis Ende 2020 gar auf CHF 21,9 Mio. um 40,5 % reduziert (2019: CHF 36,8 Mio.).

Nebst der Sicherung der Liquidität standen Kostensenkungsmassnahmen und die schnelle Anpassung an neue Realitäten im Fokus des Managements. Die Pandemie hatte nicht zuletzt starke Auswirkungen auf die Aktivitäten im Marketing und Verkauf. Die meisten Messen wurden abgesagt oder auf digitale Plattformen verlegt. Rasch wurden die Kommunikationskanäle umgestellt (Online-Meetings, Ausbau des Angebots an Webinaren, usw.), um den Austausch mit den Dentalhändlern, den Endkunden, den Mitarbeitenden und weiteren Stakeholdern sicherzustellen. Die getroffenen Massnahmen führten in den Bereichen Marketing und Sales zu Einsparungen von rund CHF 6,0 Mio. (–46 %). Gruppenweit wurden die Reisekosten um CHF 4,2 Mio. (–51 %) gesenkt.

Verkauf der Vigodent SA belastet operatives Ergebnis

Angesichts der wirtschaftlich und politisch instabilen Situation in Brasilien hat die COLTENE Gruppe ihre brasilianische Tochtergesellschaft Vigodent Ende 2020 an lokale Unternehmer verkauft. Aus dem Verkauf resultierte eine einmalige, nicht liquiditätswirksame Belastung von CHF 11,7 Mio. Diese Abschreibung entstand hauptsächlich aus dem Verlust aus der Veräusserung der Nettoaktiven der Vigodent von CHF 4,8 Mio. und der Rezyklierung von bereits zu einem früheren Zeitpunkt mit dem Eigenkapital verrechnetem Goodwill und Währungsdifferenzen. Der negative Nettoeffekt auf das Eigenkapital aus dem Verkauf belief sich auf CHF 4,0 Mio. Der EBIT wurde mit CHF 8,8 Mio. belastet, der Net Profit mit CHF 11,7 Mio. Ohne die negativen Effekte aus dem Verkauf der Vigodent hätte das Betriebsergebnis (EBIT) CHF 32,1 Mio. betragen und die EBIT-Marge 12,9 %. Das ausgewiesene Betriebsergebnis (EBIT) inklusive der Effekte aus dem Verkauf der Vigodent lag bei CHF 23,3 Mio. (Vorjahr: CHF 32,0 Mio.), die EBIT-Marge bei 9,4 % (2019: 11,7 %). Durch den Verkauf reduzieren sich die künftigen Umsätze der COLTENE Gruppe um jährlich rund CHF 7,3 Mio., jedoch mit positiven Auswirkungen auf die operative Marge der Gruppe.

Aus dem Verkauf der Vigodent resultierte eine einmalige, nicht liquiditätswirksame Belastung von CHF 11,7 Mio.

Finanzergebnis und Steuerquote belastet durch Sondereffekte

Das Finanzergebnis der COLTENE belief sich im Jahr 2020 auf CHF –5,3 Mio. und wurde durch Effekte aus dem Verkauf der Vigodent SA mit CHF 2,8 Mio. belastet. Diese Effekte stammen aus der Rezyklierung von kumulierten Währungsdifferenzen auf Intercompany-Darlehen mit Eigenkapitalcharakter. Ohne diese Effekte betrug das Finanzergebnis CHF –2,4 Mio. (2019: CHF –3,9 Mio.). Der Steueraufwand erhöhte sich im Jahr 2020 auf CHF 9,8 Mio. (2019: CHF 8,1 Mio.), was auf das starke operative Ergebnis (vor Berücksichtigung der Belastung durch den Verkauf der Vigodent SA) zurückzuführen ist. Durch die erfreuliche Entwicklung in Nordamerika, getrieben durch hohe Absätze im Bereich Infektionskontrolle, haben die dortigen Gruppengesellschaften höhere Gewinne erzielt, die zudem mit überdurchschnittlich hohen Steuersätzen versteuert

wurden. Demgegenüber sind Verluste in Brasilien und Indien entstanden, welche steuerlich nicht genutzt werden können. Die Effekte aus dem Verkauf der Vigodent SA führten zu steuerlich nicht nutzbaren Verlusten, die vor allem in der COLTENE Holding AG anfielen. Die erwähnten Effekte führten im Jahr 2020 insgesamt zu einer relativ hohen Steuerquote von 54,3 % (2019: 28,8 %). Die Steuerquote ohne Veräusserungseffekte der Vigodent hätte 33,0 % betragen. Der ausgewiesene Reingewinn der COLTENE betrug CHF 8,2 Mio. (2019: CHF 20,0 Mio.). Die Effekte aus dem Verkauf der Vigodent haben den Reingewinn um CHF 11,7 Mio. reduziert. Ohne den Verkauf der Vigodent hätte die Unternehmensgruppe einen Reingewinn von CHF 19,9 Mio. auf dem Niveau des Vorjahres ausgewiesen.

Die Investitionen wurden zu Beginn der weltweiten Pandemie nur temporär gestoppt.

Starker operativer Cash Flow und Weiterführung der Investitionsprojekte trotz COVID-19

Im Geschäftsjahr 2020 belief sich der operative Cash Flow auf CHF 34,8 Mio. und lag damit vor allem aufgrund tieferer bezahlter Steuern und der Reduktion des Nettoumlaufvermögens deutlich über den CHF 23,8 Mio. vom Vorjahr (+46,3 %). Die Investitionen wurden zu Beginn der weltweiten Pandemie nur temporär gestoppt.

COLTENE modernisiert ihre Produktionsanlagen kontinuierlich und investiert laufend in ihre Herstellungsprozesse und -methoden. Die Patientensicherheit, Produktqualität und Wirtschaftlichkeit stehen dabei neben Umweltverträglichkeitskriterien im Vordergrund. Im Berichtsjahr tätigte die COLTENE Gruppe an allen Standorten zahlreiche Investitionen, um die Produktionskosten zu optimieren, Arbeitsabläufe zu verbessern, das Produktangebot zu erweitern und die Umweltbelastung zu verringern.

Das COLTENE Werk in **Langenau, Deutschland,** tätigte verschiedene Ersatz- und Erneuerungsinvestitionen des Maschinenparks, insbesondere im Bereich Watte- und Vliesproduktion. Dadurch wurde die Produktivität am Standort erhöht und die Produktqualität weiter verbessert. Mit dem neu angeschafften Mischer für Hanel Okklusionspapiere konnte die Wirtschaftlichkeit ebenfalls erhöht und der Energiebedarf gesenkt werden.

In **Altstätten, Schweiz,** wurde in diverse Umbauten für die Integration der Produktion von Kenda sowie in die Verbesserungen von Produktionsabläufen investiert. Investitionen in die Gebäudetechnik sowie in neue effiziente Komponenten für die Heizung reduzierten den Energiebedarf und den CO_2-Ausstoss. Im Weiteren wurde in verschiedene Produktionsanlagen und neue Steuerungen investiert, um die Produktivität zu verbessern und den Energieverbrauch zu reduzieren. Ein grösserer Betrag entfiel auf die Einführung einer Software für das Product Life Cycle Management.

Im Werk in **Cuyahoga Falls, Ohio, USA,** wurde vor allem in eine neue Generation von CNC-Fräsmaschinen für die Herstellung von Hartmetallbohrern investiert. Damit wurden der Qualitätsstandard und die Produktivität weiter erhöht. In der Logistik wurden ein neuer Warenlift sowie zwei Lagerlifte für die Lagerung und Kommissionierung von Kleinteilen angeschafft, um den vorhandenen Raum effizienter zu nutzen. Zur Verbesserung der Abläufe im Repair Center wurde dieses intern verlagert.

SciCan investierte in **Toronto, Kanada,** ebenfalls in ein effizientes Lagerliftsystem für das Kleinteilelager. Der grösste Teil der Investitionssumme an diesem Standort floss in neue Produkte sowie in die Erneuerung der Räumlichkeiten für Forschung und Entwicklung. Um die Produktionsabläufe zu verbessern, wurde in die Veränderung des Produktionslayouts investiert.

Micro-Mega in **Besançon, Frankreich,** investierte in die Modernisierung von bestehenden Fräsmaschinen, um die Produktivität sowie die Qualität zu verbessern. Um die Abläufe im Lager zu verbessern wurde in die räumliche Trennung von Ein- und Ausgangsfrachten investiert. Zudem wurde das Produktions- und Bürogebäude renoviert.

Das Management von COLTENE ist überzeugt, dass die genannten Investitionen und Verbesserungen wesentlich zur Nachhaltigkeit der Produktionsprozesse beitragen. Das Unternehmen wird die Prozesse entlang der gesamten Wertschöpfungskette weiterhin optimieren, um nicht zuletzt auch die Umweltbelastung kontinuierlich zu verringern.

Insgesamt beliefen sich die Investitionen in Sach- und immaterielle Anlagen auf CHF 9,7 Mio.

Insgesamt beliefen sich die Investitionen in Sach- und immaterielle Anlagen auf CHF 9,7 Mio. (2019: CHF 12,5 Mio.).

Rekordhoher Free Cash Flow als Resultat
Dank der erfreulichen Umsatzentwicklung in der zweiten Jahreshälfte, den sofort getroffenen Kostensenkungsmassnahmen und der Reduktion des Nettoumlaufvermögens erzielte COLTENE im letzten Geschäftsjahr mit CHF 24,3 Mio. (2019: CHF 10,7 Mio.) den höchsten Free Cash Flow in seiner Geschichte als Dentalunternehmen. Der Verwaltungsrat wird der Generalversammlung vom 31. März 2021 die Ausschüttung von CHF 3.00 pro Aktie vorschlagen.

Solide Bilanz und tiefere Nettoverschuldung
Das konsolidierte Eigenkapital der COLTENE Gruppe belief sich per 31. Dezember 2020 auf CHF 90,2 Mio. (2019: CHF 91,2 Mio.). Das Eigenkapital der COLTENE Holding AG betrug CHF 172,7 Mio. (2019: CHF 187,5 Mio.). Davon sind CHF 142,9 Mio. Kapitaleinlagereserven (KER), welche gemäss der aktuell gültigen Rechtsgrundlage an Aktionäre (natürliche Personen mit Wohnsitz in der Schweiz) steuerfrei ausgeschüttet werden können. Davon sind wiederum CHF 92,9 Mio. KER mit

Auslandbezug, die steuerfrei ausgeschüttet werden können, ohne dass gleichzeitig eine zu versteuernde Dividende in derselben Höhe ausbezahlt werden muss.

Die Bilanzsumme per 31. Dezember 2020 betrug CHF 187,6 Mio. (2019: CHF 189,8 Mio.). Das COVID-19-bedingt dennoch solide Ergebnis reduzierte die Nettoverschuldung auf CHF 21,9 Mio. (2019: CHF 36,8 Mio.). Der Verschuldungsfaktor vor Sondereffekten aus dem Verkauf der Vigodent SA (Nettoverschuldung dividiert durch das EBITDA) ist auf 0,6 gesunken (2019: 1,0). Die Eigenkapitalquote betrug am Bilanzstichtag 48,1 % (2019: 48,0 %). Die vertraglich vereinbarten Covenants für die Finanzierung waren eingehalten.

Innovationen und Projekte

Während die Gruppe Investitionen und operative Kosten aufgrund der unsicheren Situation zunächst auf ein Minimum reduzierte, wurden längerfristige Investitionen und Fokusprojekte wie die Integration der Micro-Mega in das gruppenweite SAP-Umfeld und die MDR-Zertifizierung der COLTENE Standorte weiter vorangetrieben. Die Aktivitäten in der Forschung und Entwicklung wurden vor allem im Bereich der Infektionskontrolle ausgebaut. Die Ausgaben für Forschung und Entwicklung beliefen sich im Jahr 2020 auf CHF 11,6 Mio. (2019: CHF 9,3 Mio.), davon wurden CHF 2,1 Mio. aktiviert (2019: CHF 1,2 Mio.). Im Jahr 2020 konnten eine neue Endo-Feile (Remover) und der neue Endo-Motor (CanalPro Jeni) erfolgreich im Markt eingeführt werden. Nebst Upgrades und Weiterentwicklungen von bereits gut positionierten Produkten sind Neuentwicklungen und Innovationen im Bereich der IoT-Technologie für verschiedene Geräte in der Pipeline.

Die wichtigsten aktuellen gruppenübergreifenden Projekte betreffen die SAP-Einführung in der SciCan Gruppe, die Prozess- und Kostenoptimierung der Zertifizierung der Produktionsstandorte sowie die Verbesserung des Dienstleistungsangebots für unsere Kunden.

Positive Signale von den Dentalmärkten

Während die Pandemie auch zu Beginn des neuen Geschäftsjahres 2021 die Welt noch fest im Griff hat, sind die Signale an den Dentalmärkten positiv. Die Umsätze im Januar 2021 lagen über den Erwartungen der Gruppenleitung. Die Nachfrage nach Produkten zur Infektionskontrolle liegt auf konstant hohem Niveau.

Produktion, Umwelt und Nachhaltigkeit

COLTENE nimmt ihre gesellschaftliche Verantwortung als internationales Unternehmen ernst. Die Gruppe will attraktive Arbeitsplätze bieten und Zahnärzten und Patienten sichere und zuverlässige Produkte zur Verfügung stellen. Darüber hinaus will COLTENE das Bewusstsein für nachhaltiges Handeln auf allen Organisationsebenen stärken, die Umweltbelastungen entlang der gesamten Wertschöpfungskette minimieren und den Ressourcenverbrauch begrenzen. Seit dem 1. Februar 2021 sind die Aktien der COLTENE Holding AG in den beiden ESG-Indizes der SIX Swiss Exchange SPI ESG und SPI ESG Weighted enthalten. Dies bezeugt die Anstrengungen von COLTENE im Bereich Nachhaltigkeit.

Das vorliegende Kapitel hält eine Reihe von nichtfinanziellen Berichterstattungselementen fest, zeigt die Handlungsmaximen von COLTENE auf und beschreibt relevante Entwicklungen dazu im Berichtsjahr.

Produktion

COLTENE betreibt weltweit fünf Produktionsstätten. Diese sind auf unterschiedliche Technologien und Produkte spezialisiert:

Das COLTENE Werk in **Langenau, Deutschland,** entwickelt und produziert:
- Endodontische Produkte zur Reinigung, Trocknung und Obturation von Wurzelkanälen unter den Markennamen Roeko, Hygenic, Luna und Surgitip
- Produkte zur Wundversorgung, Feuchtigkeits- und Infektionskontrolle

Die Produktionsstätte in **Altstätten, Schweiz,** ist auf die Entwicklung und Herstellung folgender Produkte spezialisiert:
- Dentale Abformmaterialien einschliesslich C-Silikon- und A-Silikon-Produkte
- Restaurative Produkte für eine innovative und bewährte ästhetische Füllungstherapie sowie eine breite Palette an Adhäsiv- und Befestigungsmaterialien
- Diamantbohrer für Zahnärzte
- Zahnmedizinische Diamant- und Silikonpolierer
- Autoklavierbare Polierer für Zahnärzte
- Polierer für die Zahntechnik

In **Cuyahoga Falls, Ohio, USA,** verfügt COLTENE über ihre grösste Produktionsstätte. Das Werk ist vorwiegend auf mechanische Fertigungsverfahren spezialisiert und stellt unter anderem folgende Produkte her:
- Stifte wie das ParaPost X System, Hartmetallbohrer und Wurzelkanalinstrumente
- Geräte zur Ultraschallreinigung und Desinfektion von Instrumenten in der zahnärztlichen Praxis

Das Sortiment von Micro-Mega mit Produktionsstätte in **Besançon, Frankreich,** umfasst:
- Wurzelkanalinstrumente für unterschiedliche Anwendungen
- Spüllösungen für die sichere Wurzelkanalaufbereitung
- Obturations- bzw. Versiegelungsmaterialien

Schliesslich betreibt SciCan Ltd. eine Produktionsstätte in **Toronto, Kanada,** für Produkte zur Desinfektion und Sterilisation:
- Kassettenautoklaven (STATIM) und Volumenautoklaven (BRAVO)
- Reinigungs- und Thermodesinfektionsgeräte (HYDRIM)
- Wasserdestillationsgeräte (AQUASTAT)
- Reinigungs- und Pflegegeräte für Dentalinstrumente
- Desinfektionsmittel für Oberflächen und Dentale Instrumente (OPTIM)

In Nordamerika und in Deutschland unterhält die COLTENE Gruppe eigene Service Centers für den Unterhalt und die Reparatur ihrer Dentalgeräte. In verschiedenen anderen Ländern werden diese Leistungen von zertifizierten Dritten erbracht.

Umweltdaten

COLTENE berichtet seit dem Geschäftsjahr 2014 über ihre Nachhaltigkeitsaktivitäten. Die Datenerhebung sowie die Ausarbeitung des ersten Berichts haben im Unternehmen zu einem stärkeren Bewusstsein für dieses Thema geführt. Diese wurden fortlaufend erweitert. Heute verfügt COLTENE über einen weitgehend standardisierten Prozess, um relevante Daten zu erheben und auszuwerten. Die Umrechnung von Energie in CO_2-Emissionen erfolgt in Abhängigkeit von länderspezifischen Energiefaktoren.

Die in diesem Bericht ausgewiesenen umweltrelevanten Daten für die Jahre 2018 bis 2020 werden nicht ausschliesslich vom Verhalten von COLTENE beeinflusst. Der Verbrauch der Inputfaktoren Elektrizität, Öl, Gas und Wasser wird auch von vielen exogenen Parametern wie zum Beispiel vom Wetter, vom Kundenverhalten oder von regulatorischen Auflagen bestimmt.

Der Verbrauch von allen Energieträgern wie auch von Wasser war im Geschäftsjahr 2020 zum Teil deutlich geringer als im Vorjahr. Primäre Ursache dafür ist der Produktions- und Umsatzrückgang, den die COVID-19-Pandemie verursacht hatte. So sind auch die tieferen Abfall- und Recyclingmengen vorwiegend auf die geringeren Produktionsmengen zurückzuführen. Energiesparmassnahmen trugen ebenfalls dazu bei, elektrische und fossile Energie einzusparen. COLTENE ersetzt zum Beispiel im Falle von Gebäudesanierungsmassnahmen alle Lichtquellen durch eine energetisch sparsame LED-Beleuchtung. Die neue Heizung in Altstätten ist ebenfalls verbrauchsgünstiger. Im Jahr 2020 wurde die Produktion der Kenda AG in Liechtenstein nach Altstätten verlagert und die Produktionsstätte in Brasilien an lokale Investoren verkauft. Diese Länder erscheinen deshalb nicht mehr in der nachfolgenden Übersicht.

Umweltdaten nach Werken der COLTENE Gruppe

Input	Einheit	2018	2019	2020	Delta 2020/2019		Output	Einheit	2018	2019	2020	Delta 2020/2019
Strom	MWh	1 127	1 063	**1 020**	**–4 %**		**CO_2**	t	344	344	**293**	**–15 %**
Öl	t	45	46	**35**	**–24 %**		**Recycling**	t	75	92	**50**	**–46 %**
Gas	m³	4	6	**4**	**n.a.**		**Abfall**	t	90	113	**117**	**3 %**
Wasser	m³	9 248	9 015	**6 349**	**–30 %**	**Schweiz/FL**	**Abwasser**	m³	9 248	8 125	**6 349**	**–22 %**
Strom	MWh	893	919	**834**	**–9 %**		**CO_2**	t	872	862	**806**	**–7 %**
Öl	t	–	2	**–**	**–100 %**		**Recycling**	t	69	79	**62**	**–22 %**
Gas	m³	109	96	**99**	**2 %**		**Abfall**	t	30	30	**34**	**12 %**
Wasser	m³	1 337	1 564	**1 934**	**24 %**	**Deutschland**	**Abwasser**	m³	1 337	1 564	**1 934**	**24 %**
Strom	MWh	2 702	2 604	**2 884**	**11 %**		**CO_2**	t	2 103	1 971	**2 147**	**9 %**
Öl	t	–	–	**–**	**n.a.**		**Recycling**	t	51	41	**49**	**19 %**
Gas	m³	121	97	**94**	**–2 %**		**Abfall**	t	17	38	**31**	**–18 %**
Wasser	m³	4 656	4 779	**5 609**	**17 %**	**USA**	**Abwasser**	m³	4 656	4 779	**5 609**	**17 %**
Strom	MWh	1 109	1 240	**1 065**	**–14 %**		**CO_2**	t	552	621	**548**	**–12 %**
Öl	t	–	–	**–**	**n.a.**		**Recycling**	t	23	54	**87**	**62 %**
Gas	m³	86	98	**89**	**–9 %**		**Abfall**	t	241	286	**382**	**33 %**
Wasser	m³	8 415	9 463	**6 153**	**–35 %**	**Kanada**	**Abwasser**	m³	8 415	9 463	**6 153**	**–35 %**
Strom	MWh	1 521	1 264	**1 072**	**–15 %**		**CO_2**	t	378	346	**286**	**–17 %**
Öl	t	9	8	**7**	**–3 %**		**Recycling**	t	8	7	**20**	**212 %**
Gas	m³	57	59	**46**	**–22 %**		**Abfall**	t	27	26	**16**	**–40 %**
Wasser	m³	1 829	1 428	**1 465**	**3 %**	**Frankreich**	**Abwasser**	m³	1 829	1 428	**1 465**	**3 %**

Umweltdaten (total) aller Werke der COLTENE Gruppe

Input	Einheit	2018	2019	2020	Delta 2020/2019		Output	Einheit	2018	2019	2020	Delta 2020/2019
Strom	MWh	7 351	7 090	**6 875**	**–3 %**		**CO_2**	t	4 250	4 144	**4 079**	**–2 %**
Öl	t	54	56	**42**	**–24 %**		**Recycling**	t	226	272	**268**	**–2 %**
Gas	m³	377	355	**332**	**–7 %**		**Abfall**	t	405	493	**579**	**17 %**
Wasser	m³	25 485	26 249	**21 510**	**–18 %**	**COLTENE Gruppe**	**Abwasser**	m³	25 485	25 359	**21 510**	**–15 %**

Nachhaltigkeit

Qualitäts- und Risikomanagement

In Europa untersteht COLTENE der Medical Device Directive (MDD) respektive neu der Medical Device Regulation (MDR), in den USA der Food and Drug Administration (FDA) sowie in allen Ländern den jeweiligen Medizinproduktevorschriften. COLTENE ist an allen Werkstandorten nach der ISO-Norm 13485:2016 zertifiziert. Die Produktion erfolgt nach Standard Operating Procedures (SOP). Dies sind verbindliche Beschreibungen der Abläufe in der Produktion, in der Qualitätssicherung, aber auch in der Forschung und Entwicklung. So stellt COLTENE sicher, dass jeder Schritt des Herstellungsprozesses und jede Komponente, jedes Rohmaterial und jeder Hilfsstoff den behördlichen und gesetzlichen Anforderungen entspricht und die Produkte vollständig rückverfolgbar sind. COLTENE verfügt an jedem Produktionsstandort über eine Qualitätsmanagement- und Registrierungsabteilung. Diese stellen sicher, dass nur Medizinprodukte mit vorgeschriebener Zulassung in Verkehr gebracht werden. Das Qualitäts- und Risikomanagement ist auf Gruppenstufe sowie an jedem Produktionsstandort vertreten. An allen Standorten, wo dentale Geräte entwickelt und produziert werden, folgt das Risikomanagement für Medizinprodukte der Norm ISO 14971:2012.

Die lokalen Teams stellen sicher, dass die Qualitätssysteme eingehalten werden und stets auf dem aktuellen Stand sind. Sie prüfen laufend die Neuerungen in den lokalen gesetzlichen Anforderungen und setzen diese um. Zudem werden durch die Medizinprodukteverordnungen Risikobeurteilungen für Produkte und Prozesse erstellt und bewertet. Für alle hohen und hochgestuften Risiken werden Massnahmen definiert und umgesetzt, um sie zu entschärfen. Für Risiken, die obligatorisch oder sinnvoll versicherbar sind, sind die notwendigen Versicherungspolicen abgeschlossen. Für die Abdeckung bedeutender Risiken bestehen auf Gruppenstufe sogenannte Umbrella-Policen wie zum Beispiel die Betriebs- und Produktehaftpflichtversicherung oder die Sach- und Transportversicherung. Diese Versicherungspolicen decken die entsprechenden Risiken auf Gruppenstufe für alle rechtlichen Einheiten der COLTENE Gruppe ab. Das zentrale Risikomanagement ist im Kapitel Corporate Governance näher beschrieben.

Jeder Produktionsstandort wird jährlich von einer akkreditierten Benannten Stelle auf die Einhaltung aller gesetzlichen und regulatorischen Anforderungen überprüft. Die Abweichungen, die sich daraus ergeben, werden zeitnah umgesetzt und die Umsetzung wird von dieser Benannten Stelle überwacht. Damit ist sichergestellt, dass die COLTENE Gruppe die gesetzlichen und regulatorischen Vorschriften für ihre Produkte, Dienstleistungen und Prozesse einhält.

Forschung und Entwicklung

In der Forschung und Entwicklung werden Funktionsweise, Leistung, Sicherheit und Gebrauchstauglichkeit des Produkts von den frühen Phasen der Entwicklung bis zur Anwendung sowie zur Umweltverträglichkeit und Entsorgung berücksichtigt. Verpackungsstoffe werden minimiert und bestehen soweit möglich aus biologisch abbaubaren Stoffen. COLTENE wählt umweltschonende Fertigungsverfahren und prüft Produkte auf Wiederverwendbarkeit zum Beispiel mittels Sterilisationsverfahren bei dentalen Bohrern oder Wurzelkanalfeilen.

Bedürfnisse der Endkunden und Erkenntnisse aus Kundengesprächen fliessen über den Post Market Surveillance Prozess ein. Die Produktplattform wird über diesen Prozess mit Daten aus dem Verkauf, Kundenbeschwerden, Umfragen und Vorschlägen gespeist. Hinzu kommt ein regelmässiger Wettbewerbsvergleich, auch über akademische Studien. Während des Entwicklungsprozesses werden, wo gefordert, klinische und biologische Experten beigezogen, und Design sowie technische Daten werden durch Dritte auditiert.

Neue Produkte entstehen aus der Ideenfindung, basierend auf neuen Technologien, sowie aus der Produkte-Roadmap.

Die Standorte, welche Geräte mit elektrischen und elektronischen Komponenten entwickeln und produzieren, halten die «Restriction of (the use of certain) Hazardous Substances in electrical and electronic Equipment» RoHS-Richtlinien ein. Die RoHS beschränkt die Verwendung bestimmter gefährlicher Stoffe in Elektro- und Elektronikgeräten.

Materialien und Einkaufspolitik

Abgesehen von den Fertigungs- und Forschungsaktivitäten, sind die Umweltbelastungen von COLTENE gering. COLTENE produziert weder Implantate noch Amalgamfüllstoffe und verwendet daher keine grösseren Mengen an Titanmetallen, Blei, Mangan oder anderen Schwermetallen und kein Quecksilber.

Die im Produktionsprozess verwendeten wesentlichen Materialgruppen sind:

- Hygiene und Behandlungshilfen: Gummi, Metall, Textilfasern, Baumwolle, Reinigungslösungen
- Endodontische Produkte: NiTi-Metall, Gummi, Papier
- Restaurative Materialien: Polyamidmatrix mit Glasfüller
- Abformmaterialien: Silikonöle
- Betriebsmittel: Wasser, Reinigungsmittel, Lösungen für galvanische Bäder, Papier

COLTENE ist bestrebt, den Verbrauch von Betriebsmitteln von Jahr zu Jahr zu reduzieren.

Alle lokalen Regeln zur Lagerung und Entsorgung von giftigen oder gefährlichen Stoffen sowie belastetem Abwasser werden eingehalten. In den jeweiligen Ländern sind Spezialunternehmen damit beauftragt. Metalle und weitere Stoffe werden soweit möglich rezykliert.

COLTENE stellt Dentalbohrer her, die teils mit Edelmetallen beschichtet werden. Hierzu werden geringe Mengen an Gold und Platin verarbeitet. Die Lieferanten dieser Metalle bestätigen, die Herkunft ihrer Produkte nachverfolgen zu können, und sind Mitglied der Reponsible Minerals Initiative.

In einer Anfang 2021 durchgeführten Abklärung in allen Werken der COLTENE Gruppe wurde kein Verdacht auf Kinderarbeit oder Zwangsarbeit in den Lieferketten gemeldet. Diese Abklärung umfasste eingekaufte Materialien, Halbfabrikate und Handelswaren. COLTENE kauft von etablierten Zulieferern mit gutem Ruf in Europa, Nordamerika und zu einem kleinen Teil in Asien ein. COLTENE ist bestrebt, die Lieferantenprüfung weltweit hinsichtlich ethischer Kriterien zu erweitern.

In der ISO-13485:2016-Richtlinie ist ein periodischer Bewertungsprozess für Lieferanten vorgesehen. Wichtige Lieferanten werden mindestens einmal jährlich geprüft. Im vergangenen Jahr gab es keine wesentlichen Veränderungen in der Lieferkette und keine wesentlichen Beanstandungen aus den Lieferantenaudits.

Mitarbeitende

Wohl und Motivation der Mitarbeitenden sind für COLTENE zentral. Als Arbeitgeberin will COLTENE Best-Practice-Standards genügen. Neue Mitarbeitende absolvieren eine Schulung zum Code of Conduct, dem für die ganze Unternehmensgruppe gültigen Verhaltenskodex. Der Code of Conduct regelt die Verhaltensweisen untereinander wie auch mit externen Partnern. Über interne Kommunikationsinstrumente wird er regelmässig in Erinnerung gerufen.

Verstösse gegen den Code of Conduct oder gegen geltendes Recht können gruppenweit dem CFO oder innerhalb der lokalen Organisation dem jeweiligen Vorgesetzten oder der Personalabteilung gemeldet werden. Die Produktionsstandorte in den USA und in Kanada bieten zusätzlich einen anonymen Meldeweg auf lokaler Stufe. Einzig am Standort Altstätten wurde 2020 ein Verstoss gegen den Code of Conduct erfasst und es wurden angemessene Massnahmen ergriffen.

Statistik über die Mitarbeitenden der fünf COLTENE Werke per 31.12.2020

		Total Werke	in %
Anzahl Vollzeitäquivalente Festangestellte	Männer	471,0	50
	Frauen	472,0	50
	Total	943,0	100
Anzahl Vollzeitäquivalente Temporärangestellte	Männer	20,3	64
	Frauen	11,4	36
	Total	31,7	100
Anzahl Vollzeitäquivalente Vollzeitstellen	Männer	480,0	49
	Frauen	438,3	45
	Total	918,3	94
Anzahl Vollzeitäquivalente Teilzeitstellen	Männer	11,3	1
	Frauen	45,1	5
	Total	56,4	6
Führungspositionen	Männer	95,0	72
	Frauen	36,8	28
	Total	131,8	100

Die Fluktuation über alle fünf Werke betrug 2020 rund 15 %. Über die nächsten Jahre soll die Fluktuationsrate gesenkt werden.

Wegen der COVID-19-Pandemie war die Geschäftsleitung der COLTENE Gruppe gezwungen, im Personalbereich verschiedene Massnahmen zu ergreifen. Als Sofortmassnahme wurden zu Beginn des zweiten Quartals praktisch alle Temporärarbeitsverträge aufgelöst, um den Abbau von Festangestellten möglichst zu vermeiden und trotzdem die Produktionskapazitäten der geringeren Nachfrage anzupassen. In den Ländern, wo es möglich war, wurde Kurzarbeit für fünf Monate beantragt. In den USA wurde ein Teil der Belegschaft temporär entlassen (furlough), um Personalkosten einzusparen, und in Kanada schliesslich bezog COLTENE in einzelnen Monaten öffentliche Gelder für die teilweise Deckung des Personalaufwandes.

Diversität

Im Verwaltungsrat der COLTENE Gruppe beträgt das Durchschnittsalter 55,5 Jahre, zwei von sieben Mitgliedern sind Frauen (29 %). In der ebenfalls siebenköpfigen Geschäftsleitung ist aktuell keine Frau vertreten. Frauen besetzen in der Gruppe aber fast 30 % der Führungspositionen ab Stufe Teamleitung. Insgesamt ist die Verteilung von Männern und Frauen unter allen Mitarbeitenden mit 50 zu 50 ausgeglichen.

Für COLTENE ist die Diversität unter Mitarbeitenden und eine ausgewogene Repräsentation der Geschlechter wichtig, nicht zuletzt weil die Diversität auf Seiten der Endkunden, das heisst in den Zahnarztpraxen, hoch ist. Dort wird der Frauenanteil stets grösser, was sich bereits an den Studierenden der Zahnmedizin deutlich abzeichnet. Dies will COLTENE mit einer breiten internen Diversität berücksichtigen.

In Langenau überwacht dies ein Gleichstellungsbeauftragter. In Frankreich ist ein Monitoring über den Gender Equality Index Pflicht. Micro-Mega erreichte dabei (Stand Februar 2020) 90 von 100 Punkten. Der Standort Cuyahoga Falls in den USA hat 2020 eine Erklärung zu Diversity, Equity and Inclusion (Vielfalt, Gleichberechtigung und Eingliederung) eingeführt und beteiligt sich an Veranstaltungen im Zusammenhang mit diesem Thema. Auch die Diversität über Altersstufen hinweg wird bei COLTENE genutzt, damit jüngere Mitarbeitende von Älteren lernen bzw. von ihrem Wissen profitieren, und umgekehrt.

Gesundheit und Sicherheit am Arbeitsplatz

In allen Ländern der Produktionswerke bestehen staatliche Vorgaben und Kontrollen zur Arbeitssicherheit. In jedem Werk sind Sicherheitsbeauftragte bestimmt, welche die damit verbundenen Themen intern koordinieren und umsetzen. Sie haben lokale Ausbildungen zur Arbeitssicherheit absolviert und sind entsprechend zertifiziert.

In Altstätten wird das Sicherheitskonzept jährlich zweimal auditiert. Gehen Berufsunfallmeldungen ein, werden die Ursachen analysiert und angemessene Massnahmen ergriffen.

In Toronto werden die Arbeitsplätze monatlich nach lokalen Vorgaben inspiziert. Viermal jährlich finden Sitzungen zu den Themen Gesundheit und Sicherheit am Arbeitsplatz statt.

In Langenau ist für die Einhaltung und Überprüfung der Arbeitssicherheit ein externer Dienstleister beauftragt. Es finden regelmässige Sitzungen und Begehungen statt. Zudem überwacht und berät die Berufsgenossenschaft. In Besançon gibt es lokal ein monatliches Magazin zur Gesundheit und Sicherheit am Arbeitsplatz, und es werden eine Reihe von Massnahmen und Systemen angewendet, von der Ergonomie über Risiko-Assessment hin zum Bericht des zuständigen Arbeitsmediziners.

Schutz vor dem Coronavirus

COLTENE hat zu Beginn der Pandemie einen internen Krisenstab eingerichtet. Dieser besteht auf Gruppenstufe aus Managementvertretern und an jedem Standort aus dem Geschäftsführer, dem Sicherheitsbeauftragten, dem Qualitäts- und Regulatory Manager, dem Produktionsleiter, dem Personalverantwortlichen und gegebenenfalls weiteren Personen. Diese Teams stellen sicher, dass die lokalen behördlichen Vorgaben jederzeit umgesetzt und spezifische Massnahmen in den Werken eingeleitet werden. Sie beurteilen die Situation laufend neu und informieren mittels Aushängen und internen Kommunikationssystemen die gesamte Belegschaft. Nach Entscheiden von lokalen Behörden werden die Mitarbeitenden ebenfalls rasch über wichtige Neuerungen informiert.

Die Massnahmen umfassten unter anderem:

- Distanzregeln, Trennwände zwischen Arbeitsplätzen und Bürotischen
- Abgabe von Masken (teilweise FFP2) und Desinfektionsmitteln an alle Mitarbeitenden
- Grösstmöglicher Verzicht auf Reisen und interne Treffen und Sitzungen
- Montage zusätzlicher Desinfektionsdispenser, Einführung von Desinfektionsprotokollen an Punkten mit hoher Frequenz und an Arbeitsplätzen
- Anpassungen im Home-Office-Reglement, Ausbau der IT-Infrastruktur, die für das Home-Office zur Verfügung gestellt wurde
- Einführen von zeitversetzten Schichten inklusive Anpassungen der Pausenzeiten in Langenau, Altstätten und Besançon
- Anpassung der Abstände von Tischen und Essbereichen in Pausenräumen, Reduktion der Anzahl Personen pro Tisch
- Installation von berührungsfreien Wasserhähnen, Seifenspendern sowie Handtuchspendern und speziellen Türsystemen (Öffnung ohne Hand) in Toronto
- Installation automatischer Fiebermessstationen an Eingängen in Toronto und Besançon
- Täglich auszufüllende Fragebögen zu COVID-19-Symptomen für Mitarbeitende vor Ort in Toronto
- Installation einer Abluftanlage in der Kantine in Langenau

Unfallstatistik

	Coltène/ Whaledent AG Altstätten, Schweiz	**Coltène/ Whaledent GmbH + Co. KG Langenau, Deutschland**	**Coltène/ Whaledent Inc. Cuyahoga Falls, Ohio, USA**	**SciCan Ltd. Toronto, Kanada**	**Micro-Mega S.A. Besançon, Frankreich**	**Total Werke**
Berufsunfälle 2019	10	2	3	3	2	20
Berufsunfälle 2020	**6**	**3**	**4**	**7**	**7**	**27**

Keiner der Unfälle im Berichtsjahr hatte bleibende Schäden oder längere Ausfälle zur Folge. Die lokalen Arbeitssicherheitsverantwortlichen prüfen nach jedem Unfall, ob weitere Präventionsmassnahmen nötig sind oder Arbeitsplätze und Prozesse angepasst werden können, um die Sicherheit zu erhöhen. In allen Werken laufen Awareness- und Schulungsprogramme, je nach Art der häufigsten Unfälle.

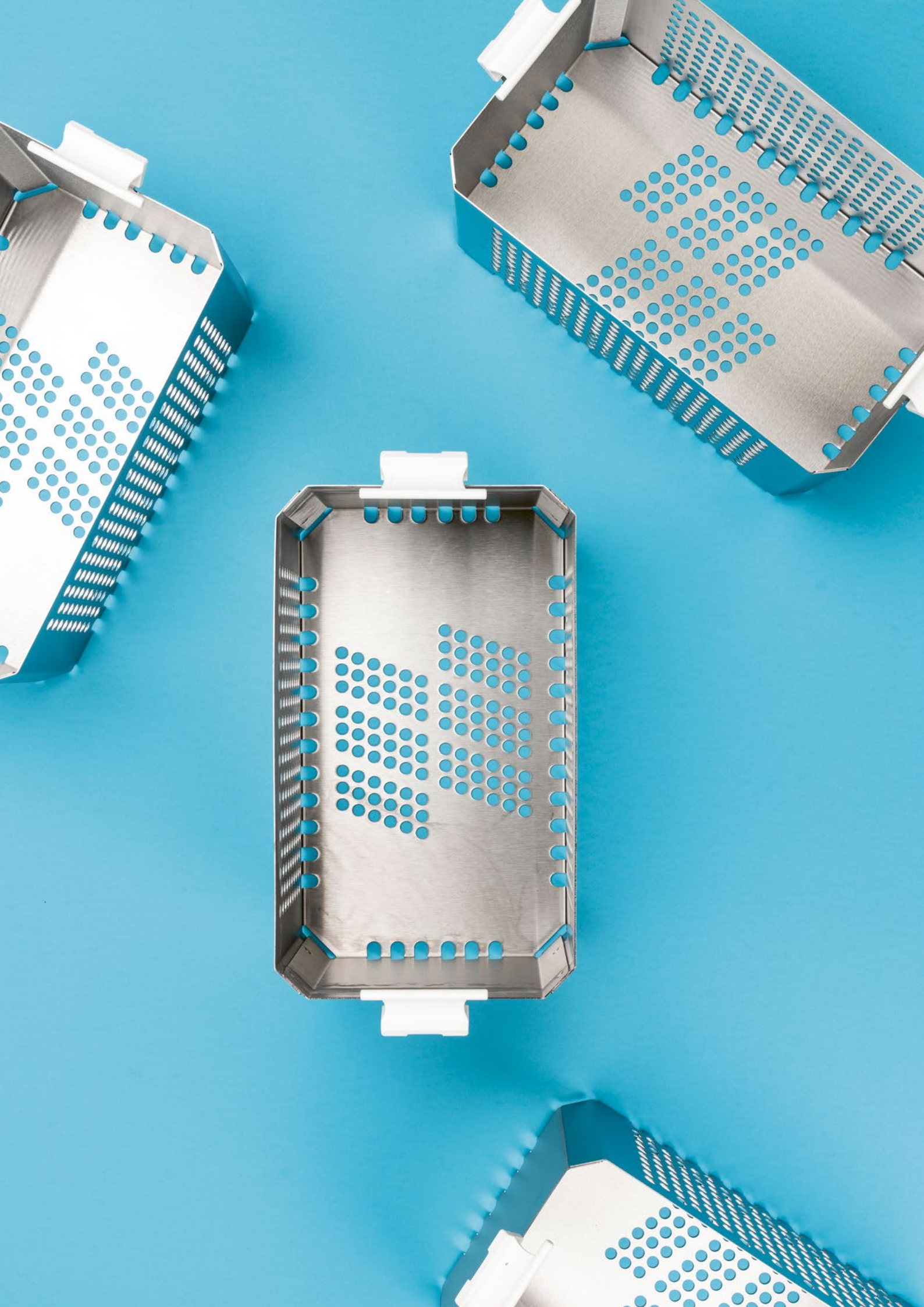
Aus- und Weiterbildung
COLTENE verfügt unternehmensweit über Online-Schulungen und Ausbildungsprogramme für alle Mitarbeitenden. Themen sind Gesundheit, Sicherheit, Gewalt und Belästigung am Arbeitsplatz und die wichtigsten internen Richtlinien. Diese Schulungen werden von der Personalabteilung verantwortet und betreut. Alle neu eintretenden Mitarbeitenden erhalten eine auf ihre Rolle spezifisch zugeschnittene Ausbildung. Dabei werden allgemeine Themen wie Arbeitssicherheit, Sicherheitsinstruktion, Unternehmensorganisation, Produkte und Prozesse, grundlegende Informatikhilfsmittel, interne Weisungen usw. vermittelt. Rollenspezifische Schulungen werden über die zuständige Abteilung gesteuert und über eine Trainings-Matrix zugeordnet und dokumentiert. Die Schulungsdatenbank wird jährlich auditiert und Einträge der Abteilungen werden von der Personalabteilung überwacht.

Weiterführende externe Weiterbildungen werden in Absprache mit dem zuständigen Abteilungsleiter in jährlichen Gesprächen oder nach Bedarf identifiziert. Ziel externer weiterführender Schulungen ist die Mitarbeiterentwicklung sowie eine kontinuierliche Verbesserung des Know-hows.

Kunden
Die Kunden von COLTENE lassen sich in zwei Gruppen einteilen:
- Händler, also die direkten Abnehmer der Produkte,
- Dental Service Organizations (DSOs) und
- Zahnärztinnen und Zahnärzte als Endkunden.

Über ein breit aufgestelltes System von Kommunikationspunkten, das auch Forschung und Entwicklung sowie Akademien umfasst, ist COLTENE im ständigen Austausch mit allen Kundengruppen. Feedback der Endkunden erreicht COLTENE einerseits über die Händler und deren Verkaufsnetzwerk und über die unzähligen Besuche der Aussendienstmitarbeitenden in den Zahnarztpraxen, anderseits direkt über Kontakte an Messen und Verkaufsveranstaltungen oder, wie im vergangenen Jahr, über Online-Veranstaltungen (Webinare).

Der Post Market Surveillance Prozess beinhaltet die Auswertung von Reklamationen, die Bearbeitung von Anregungen, das Studium und die Auswertung von Fachliteratur und Artikel zu vergleichbaren Produkten sowie die Analyse von Marktumfragen respektive Rückmeldungen aus dem Verkauf. Auch Feedbacks aus den Kontakten zu Universitäten, Meinungsführern der Branche und zu Vertrauensärzten fliessen ein. In den USA sendet COLTENE dazu dreimal jährlich eine standardisierte Umfrage an Händler und Endkunden. SciCan in Toronto führt diese Umfragen halbjährlich durch. Die häufigsten negativen Rückmeldungen von Kunden betrafen im vergangenen Jahr Lieferverzögerungen, unvollständige Lieferungen oder defektes Verpackungsmaterial und zu langsame Reaktion auf Anfragen. Auch nach Alternativen für Auslaufprodukte wurde gefragt. Die positiven Rückmeldungen aus dem Markt betrafen vor allem die vergleichsweise hohen Qualitätsstandards und das gute Preis-Leistungs-Verhältnis der COLTENE Produkte sowie die innovativen Produkte, die mit neuen und einzigartigen Funktionen den Praxisalltag vereinfachen. Positiv wurde auch erwähnt, dass COLTENE über gut ausgebildetes Fachpersonal verfügt, welches kompetent produkt- und anwendungsbezogenes Know-how an Zahnärztinnen und Zahnärzte vermittelt.



BioSonic UC150

Ultraschallreinigung weiterentwickelt

Mit dem neuen BioSonic UC150 bietet COLTENE ein komplettes Ultraschallreinigungssystem mit Verbesserungen in der Bedienbarkeit und Sicherheit. Das Gerät läuft sehr leise und bietet Datenspeicherungsfunktion über eine USB-Schnittstelle an.

Corporate Governance COLTENE Holding AG

The following chapter describes the principles of corporate governance applied at Group and Senior Management level within the COLTENE Group. The main elements are contained in the Articles of Incorporation and organizational regulations, and are based on the "Guidelines concerning information on corporate governance" published by SIX Swiss Exchange as well as on the guidelines and recommendations set out in the "Swiss Code of Best Practice for Corporate Governance" published by economiesuisse. The compensation report is published separately in this Annual Report on page 62 to 72. All information is valid as at December 31, 2020, unless otherwise stated. Significant changes that have occurred between that date and the publication date of this report have also been indicated as appropriate.

Whenever a reference is made in this Corporate Governance report to the Articles of Incorporation, they are available in German as well as in an unofficial translation in English on the website at: https://www.coltene.com/de/investoren-medien/corporate-governance/ (German version) and https://www.coltene.com/investor-relations/corporate-governance/ (English version).

Group Structure and Shareholders

Group Structure

Operative Group structure

COLTENE Group is targeting the markets for dental consumables and small equipment for dental practices, dental clinics, and dental laboratories. The Company evolved from the Health Care Division of the former Gurit-Heberlein AG (today Gurit Holding AG) and was incorporated as per December 15, 2005, under the former name Medisize Holding AG and listed as an independent company on June 23, 2006, on SIX Swiss Exchange. Medisize was operating with two segments in the dental and medical consumables markets. Effective as at April 30, 2008, the medical segment was sold to the Finnish Medifiq Group and the Company name was changed to COLTENE Holding AG. Since then, COLTENE Group is active in the dental market only and operates one segment in line with its management structure, the organizational setup, the reporting and the allocation of resources.

In October 2018, the COLTENE Group made a larger step with the strategic acquisition of the SciCan Group headquartered in Toronto, Canada, and Micro-Mega (held by DentalDrives GmbH) located in Besançon, France. The SciCan Group offers infection control equipment and hygiene products for surface disinfection. Micro-Mega is focused primarily on endodontic instruments.

End of May 2020, COLTENE bought the assets of Ackermann KG in Göppingen, Germany, the manufacturer of Adaco® steel separating strips. The additional annual turnover of these products are approximately CHF 0.4 million.

In August 2020, all operational activities of Kenda AG in Vaduz, Liechtenstein, were moved into the production facility of Coltène/Whaledent AG in Altstätten, Switzerland. The relocation will save costs significantly. It is planned to liquidate Kenda AG in the course of the current year.

On September 1, 2020, SciCan Inc., Pittsburgh, PA was merged into Coltène/Whaledent Inc. in Cuyahoga Falls, OH. This merger allows for the integration of both sales organizations for dental dealers in one legal entity in order to improve effectiveness and profitability.

On November 12, 2020, COLTENE do Brasil Ltda. was founded to distribute the products imported into Brazil in the future.

After reviewing its product portfolio, the COLTENE Group has decided to discontinue non-strategic products that are low-volume and have low EBIT margins. Based on this decision and due to the economic situation in Brazil, the Board of Directors and Management have decided to sell the Brazilian subsidiary Vigodent SA end of December 2020 to local entrepreneurs.

Legal structure of subsidiaries

Of all the companies consolidated, COLTENE Holding AG (the COLTENE Group's holding company) is the only one listed. It is headquartered in Altstätten/SG, Switzerland. COLTENE Holding AG's registered shares (security no. 2.534.325, ISIN CH0025343259, symbol CLTN) are quoted on SIX Swiss Exchange. On December 31, 2020, the market capitalization amounted

to CHF 513.9 million (prior year CHF 530.6 million). All Group companies are ultimately owned at 100 % by the Group's holding company.

Information on the companies belonging to the COLTENE Group, which are not listed, is shown on page 98 of the Financial Report.

Major Shareholders

On December 31, 2020, there were 2204 shareholders (previous year 2203) entered in the share register and the following shareholders held stakes equaling or exceeding the legal disclosure threshold of 3 % of the voting stock of COLTENE Holding AG:

HUWA Finanz- und Beteiligungs AG, Heerbrugg, Switzerland, held 1 331 467 registered shares. These equals voting rights of 22.28 %. HUWA Finanz- und Beteiligungs AG is representing the families of Ruedi Huber, Balgach, Switzerland, Helene Huber, Balgach, Switzerland, and Nick Huber, Balgach, Switzerland. Further details are available on the disclosure of shareholdings website of SIX Swiss Exchange. Nick Huber is Chairman of COLTENE Holding AG. He is neither the majority shareholder of HUWA nor does he have a decisive influence on the decision-making process at HUWA. In case of conflicts of interest, he has abstained from voting on board resolutions at HUWA level, e.g. on the question of how to vote with shares, which HUWA holds in a listed company where he is a member of the Board of Directors.

Arthur Zwingenberger, Luzern, Switzerland, held 1 032 501 registered shares. These equals voting rights of 17.28 %. Arthur Zwingenberger bought these shares from Arno Holding S.à.r.l., Luxemburg, Luxemburg, which he controlled and which was the former major shareholder of SciCan Ltd. and DentalDrives GmbH that was sold to the COLTENE Group on October 9, 2018. Arthur Zwingenberger is the father of Allison Zwingenberger, member of the Board of Directors of COLTENE Holding AG. Allison Zwingenberger has no business connection with Arthur Zwingenberger and no influence on his voting decisions in regard to COLTENE shares.

Rätikon Privatstiftung, Bludenz, Austria, held 608 493 registered shares. These equals voting rights of 10.18 %. Rätikon Privatstiftung is under control of Franz Rauch, Laterns, Austria. Direct shareholder is ESOLA Beteiligungsverwaltungs GmbH, Rankweil, Austria. Franz Rauch is the father of Jürgen Rauch, member of the Board of Director of COLTENE Holding AG. Jürgen Rauch has no business connection with Rätikon Privatstiftung and ESOLA Beteiligungsverwaltungs GmbH and no influence on their voting decisions with regard to COLTENE shares.

Tweedy, Browne Company LLC, New York, USA, held 251 512 registered shares representing 4.21 % of the voting rights.

Robert Heberlein, Zumikon, Switzerland, held directly and indirectly through Burix Beteiligungen AG, Zürich, which he controls, 240 213 registered shares, representing 4.02 % of the voting rights.

All other shareholders held a stake of 42.03 % of the voting rights of COLTENE Holding AG.

The Company held 19 treasury shares amounting to 0.00 % (0.00 %) at the balance sheet date. Shares pending registration of transfer amounted to 12.52 % (13.34 %) of the total as at December 31, 2020.

Disclosure notifications pertaining to shareholdings are published on the electronic publication platform of SIX Swiss Exchange AG. The notifications can be accessed via the following link to the database of the disclosure office of SIX Swiss Exchange:
https://www.six-exchange-regulation.com/de/home/publications/significant-shareholders.html

Cross-Shareholding

COLTENE Holding AG has no cross-shareholding arrangements with other companies.

Structure of Group Operations

Group Management of the reporting year

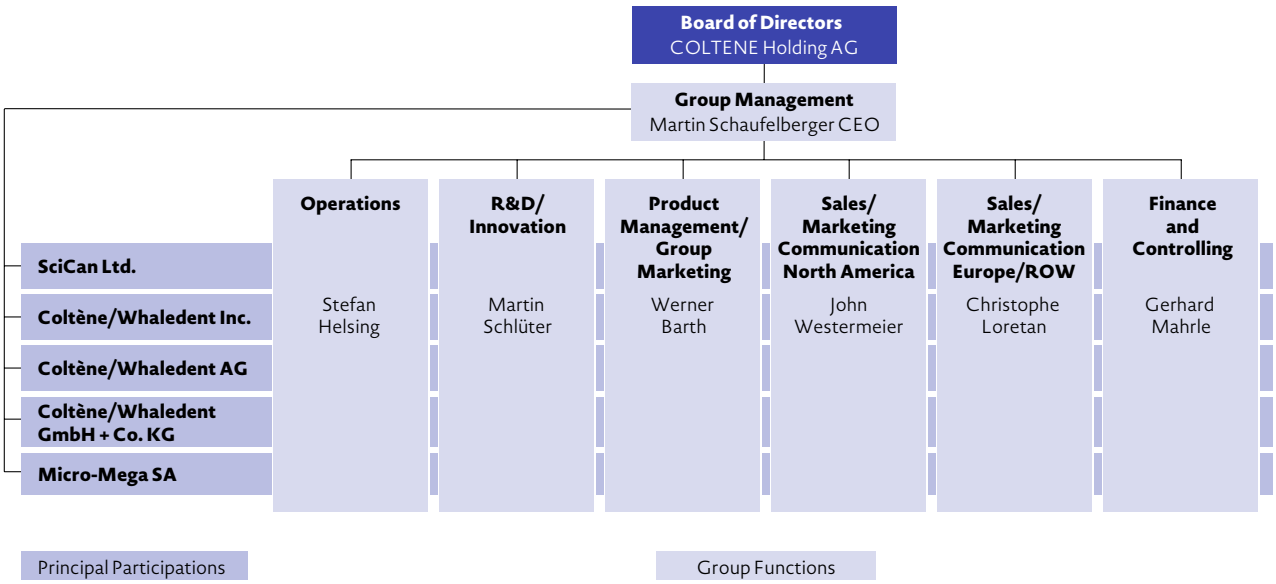
The COLTENE Group is operationally headed by Group Management. COLTENE Group Management, chaired by Martin Schaufelberger as CEO, consists of Gerhard Mahrle, CFO, who acts also as deputy CEO, Stefan Helsing, COO , Martin Schlüter (Vice President R&D/Innovation), Werner Barth, Vice President Product Management/Group Marketing, John Westermeier

(Vice President Sales/Marketing Communication of North America), and Christophe Loretan, Vice President Sales/ Marketing Communication of Europe and Rest of the World (ROW).

Changes of Group Management effective on January 1, 2020
On December 31, 2019, Werner Mannschedel, Vice President R&D, Quality Management and Regulatory Affairs, retired and on January 1, 2020, the Board of Directors nominated Martin Schlüter and John Westermeier as new members of Group Management team. Martin Schlüter, responsible for R&D/Innovation joined the COLTENE Group in 2010. In his former functions he managed the local R&D teams at the COLTENE production sites in Altstätten, Switzerland, and Langenau, Germany. John Westermeier, now responsible for Sales/ Marketing Communication of North America, the largest single market of the COLTENE Group, was previously CEO and head of sales of the SciCan Group. He joined COLTENE in October 2018. Since January 1, 2020, Christophe Loretan is Vice President Sales/ Marketing Communication of Europe and Rest of the World (ROW) and Werner Barth became Vice President Product Management/Group Marketing.

Group Management is responsible for the operational management of the holding company and the COLTENE Group. The Group is managed by the Board of Directors through Group Management. The Board of Directors and Group Management are assisted in their work by central Group functions. The separation of responsibilities between the Board of Directors and Group Management is explained on page 44.

Group structure and management organization of the COLTENE Group as per January 1, 2021:



Capital Structure

Information about the capital structure can be found in COLTENE Holding AG's Articles of Incorporation, in the Financial Statements of COLTENE Holding AG as well as in the Investor Relations section on page 6 of this report.

Capital

Details on the capital are included in the COLTENE Holding AG's financial statements on pages 102 to 103.

Authorized or Conditional Capital

According to Paragraph 3 para. 9 of the Articles of Incorporation, the Board of Directors had the authorization to increase the share capital of COLTENE Holding AG in an amount not exceeding CHF 6842 (which corresponds to approximately 1.14 % of the current share capital) at any time until September 13, 2020, by way of issuance of up to 68 420 registered shares with a nominal value of CHF 0.10 each to be fully paid in. The authorized capital expired unused on the mentioned date. Following the expiry of the deadline set for the authorized capital, the Board of Directors decided at its meeting on February 25, 2021, to delete the corresponding article in the Articles of Incorporation of COLTENE Holding AG. The deletion of this article will be submitted to the Annual General Meeting of March 31, 2021, for approval in the context of further amendments to the Articles of Incorporation.

COLTENE Holding AG has no conditional capital.

Changes in Capital

The changes in equity of COLTENE Holding AG that occurred during the last three financial years are shown in the table below. Treasury shares are recognized at weighted average cost and deducted from shareholders' equity at the time of acquisition.

Changes in equity

In CHF 1000	31.12.2020	31.12.2019	31.12.2018
Share capital	598	598	598
Statutory reserves	120	84	84
Capital contribution reserve without foreign reference	49 983	49 983	67 907
Capital contribution reserve with foreign reference	92 913	101 877	101 876
Capital contribution reserve	142 896	151 860	169 783
Reserves for treasury shares	–2	–1	–303
Net income brought forward	29 061	34 915	30 037
Total	**172 673**	**187 456**	**200 199**

On September 27, 2018, COLTENE Holding AG completed an ordinary capital increase as the first of two capital increases to partially finance the acquisition of SciCan Ltd. and DentalDrives GmbH. The company issued 675 000 shares with a par value of CHF 0.10 each as part of a rights offering "at market"to existing and new shareholders at an offer price of CHF 104. COLTENE Holding AG generated gross proceeds of CHF 70 200 000. This corresponds to net proceeds of CHF 69 546 000. The listing and first day of trading of the offer shares were set to September 28, 2018. The payment of the offer price against delivery of offer shares was made on October 2, 2018. On the closing date of the transaction on October 9, 2018, to further finance the transaction, the company issued 1 081 580 consideration shares with a par value of CHF 0.10 each at an issue price of CHF 94.29 to the sellers of SciCan Ltd. and DentalDrives GmbH against contribution in kind of all shares in SciCan Ltd. in the course of a capital increase out of authorized share capital. After the completion of both capital increases, the share capital of COLTENE Holding AG amounts to CHF 597 558, divided into 5 975 580 registered shares with a par value of CHF 0.10 each.

Based on the Annual General Meeting's decision on April 2, 2020, the Company distributed a dividend of CHF 1.50 (previous year CHF 3.00) per share paid out to its shareholders on April 8, 2020, from capital contribution reserves with foreign reference. The total amount paid was TCHF 8963 (previous year TCHF 17 924).

Shares and Participation Certificates

COLTENE shares security no.:	2.534.325
ISIN:	CH0025343259
Symbol:	CLTN

The Company's share capital consists of 5 975 580 (previous year 5 975 580) registered shares with a par value of CHF 0.10 each (previous year CHF 0.10). All shares are fully paid up and entitled to dividends. They entitle the holder to one vote at the General Meeting. The right to apply the special rules concerning treasury shares held by the Company is reserved, particularly in relation to the exemption from the entitlement to dividends. There is no additional conditional or authorized capital.

Due the transition of the accounting standard from IFRS to Swiss GAAP FER in 2019, the shares of COLTENE Holding AG are traded in the Swiss Reporting Standard, effective as of July 1, 2019 (first trading day of the COLTENE shares in the Swiss Reporting Standard). Before that date the shares were traded in the International Reporting Standard. The

shares of COLTENE Holding AG will remain in the indices of the SPI family as well as in the two SXI-indices, SXI Life Sciences and SXI Bio+Medtech of the SIX Swiss Exchange. Since February 1, 2021, the shares of COLTENE Holding AG are part of both ESG indices of SIX Swiss Exchange SPI ESG and SPI ESG Weighted.

Profit-Sharing Certificates
COLTENE Holding AG has not issued any profit-sharing certificates.

Restrictions on Transferability of Shares and Nominee Registrations
According to Paragraph 4 of the Articles of Incorporation, only individuals who are registered in the share register may be recognized as the owners or beneficiaries of traded shares. Registration of ownership may be refused only in cases where the purchaser does not expressly declare that he has acquired the shares for his or her own account. The Board of Directors may cancel a registration of a shareholder or nominee in the share register, after hearing the respective parties, if the entry was made based on false declarations. The relevant party is to be immediately informed of this cancellation. The Board of Directors may define principles for the registration of fiduciaries or nominees and stipulate the necessary rules to guarantee compliance with the aforementioned principles.

Convertible Bonds and Warrants/Options
COLTENE Holding AG has no outstanding convertible bonds or options.

Board of Directors

Members of the Board of Directors
On December 31, 2020, the Board of Directors of COLTENE Holding AG consisted of seven members. The Articles of Incorporation stipulate a minimum of three.

All Board members are non-executive and none of the members of the Board of Directors was a member of the management of the Group or a Group company in the past three financial years. None of the Board members has a significant business relationship with COLTENE Holding AG or a Group company. In 2018, the law firm Lenz & Staehelin, Zürich, where Astrid Waser is partner, received CHF 790 000 (2019: CHF 13 000 and 2020: CHF 27 000) for legal advice. In 2018, Lenz & Staehelin acted as an advisor to the Board of Directors and Group Management during the transaction (due diligence, transaction agreement, capital increases, bank financing) with regard to the acquisitions of Kenda, SciCan Ltd. and DentalDrives GmbH. The fees paid in 2019 and 2020 were mainly for general legal advice in the course of ordinary business and in 2020 additionally for legal advice in connection with the sale of Vigodent SA.

The personal details together with the other activities and vested interests of individual members of the actual Board of Directors are listed on pages 46–50.

Election and Term of Office
The members of the Board of Directors are elected by the shareholders for a period of one year. At the end of their term of office, members may be re-elected. There is no limit to the period of office or age of members of the Board of Directors. The members of the Board of Directors are elected person by person. The Chairman of the Board of Directors is elected by the shareholders for a period of one year. In the event of incapacity of the Chairman, the Chairman of the Audit and Corporate Governance Committee will temporarily assume the role of the Vice Chairman of the Board of Directors.

Restrictions on Activities outside of COLTENE Group
Restrictions on activities outside of the COLTENE Group of the members of the Board of Directors are governed in Paragraph 18 of the Articles of Incorporation.

Internal Organization

Allocation of tasks within the Board of Directors

The Board of Directors is ultimately responsible for the management of the Company and the supervision of the persons in charge of the management. The Board of Directors represents the Company and takes care of all matters that are not delegated by law, the Articles of Incorporation, or the organizational regulations to another body.

The Board of Directors' main duties can be summarized as follows:

- Determination and formulation of the business strategy
- Purchase and sale of participations or establishment and liquidation of Group companies
- Approval of investments in and divestments of fixed assets exceeding CHF 200 000 in value
- Approval of intercompany loans in excess of CHF 400 000 per fiscal year per Group company
- Definition of COLTENE Group's finance strategy
- Determination of financial accounting and reporting, financial control, and financial planning
- Definition of COLTENE Group's organizational structure
- Appointment of the persons in charge of the management and their supervision
- Approval of the Auditor's report and Annual Report as well as preparation of the General Meeting of Shareholders and the execution of its resolutions

Membership of the Committees of the Board of Directors, their duties and responsibilities

The Board of Directors has delegated the operational management to Group Management headed by the Chief Executive Officer (CEO). The Chairman of the Board of Directors organizes and manages the work of the Board of Directors.

The permanent committees of the Board of Directors are composed as follows:

Audit and Corporate Governance Committee

The Audit and Corporate Governance Committee has been set up by the Board as follows:
Chairman: Erwin Locher
Members: Jürgen Rauch and Astrid Waser

The Audit and Corporate Governance Committee assists the Board of Directors in its supervisory duties and has to perform the following main tasks and duties:

- Approval of the auditing program and audit fees and form a judgment of the effectiveness of the external audits
- Review, amendment and approval of the risk management assessment and system as well as control of the fulfillment of defined measures
- Review and assessment of the functioning of the internal control system and control of the fulfillment of corrective actions
- Review of the consolidated financial statements as well as interim statements intended for publication
- Regular review of the principles concerning Corporate Governance
- Proposals to the Board of Directors of amendments to the Articles of Incorporation or internal regulations if necessary

Nomination and Compensation Committee

The Nomination and Compensation Committee is elected every year by the Annual General Meeting. The Nomination and Compensation Committee includes the following members:
Chairman: Matthew Robin
Members: Nick Huber, Roland Weiger

The Nomination and Compensation Committee carries out the following duties:

- Recommendation of the remuneration of the members of the Board of Directors
- Definition of the principles for the remuneration of the members of Group Management and submission of these to the Board of Directors for approval
- Definition of principles for the selection of candidates for election or re-election to the Board of Directors
- Preparation of the selection and assessment of the candidates for the position of the CEO
- Recommendation of appointments of members of Group Management
- Recommendation of the remuneration to be paid to Group Management
- Approval of the general guidelines for the Human Resources management of the Group
- Yearly elaboration of the compensation report to be presented to the AGM

Working methods of the Board of Directors and its Committees
The Board of Directors meets annually for at least six ordinary, mainly one-day meetings. Extraordinary meetings may be held as necessary. Every member of the Board of Directors is entitled to request an immediate meeting if he/she names its purpose. In 2020, the Board of Directors met ten times (previous year seven times). These meetings lasted in average four to eight hours. In one meeting, the Board of Directors discussed the Group Strategy together with the enlarged Group Management during a two-day workshop. On one occasion in 2020 (previous year also one), the circular method was used for decision-making.

The Audit and Corporate Governance Committee met four times (previous year three times) for usually a two- to three-hour meeting. The Nomination and Compensation Committee met four times (previous year three times) for a two-hour meeting.

Since March 2020, the meetings were held via video conferencing systems due to the personal meeting restrictions because of the COVID-19 pandemic.

Meetings are summoned in writing by the Chairman. An invitation together with a detailed agenda and documentation is sent to all participants normally seven days in advance of the date set for the meeting.

As a rule, the Chief Executive Officer and the Chief Financial Officer attend meetings of the Board of Directors as well as meetings of the committees. In order to ensure that the Board of Directors has sufficient information to make decisions, other members of Group Management team or other members of staff or third parties may also be invited to attend.

The Board of Directors is quorate if all members have been duly invited and the majority of its members take part in the decision-making process. Members may participate in deliberations and the passing of resolutions by telephone, by video conference, or other suitable electronic media if all participants are in agreement. The decisions of the Board of Directors are taken on the basis of the votes submitted. In the event of a tie, the Chairman has the casting vote. Decisions may also be made in writing.

Proposals may also be sent to all members and they are regarded as passed if the majority of members agree unconditionally and no member insists on discussion of the issues in question in a formal meeting. Members of the Board of Directors are obliged to leave meetings when issues are discussed that affect their own interests or the interests of persons close to them.

All proposals and decisions are entered in the minutes to the meeting of the Board of Directors and its committees. The minutes also contain a summary of important requests to speak and any deliberations.

Definition of Areas of Responsibility
The areas of responsibility between the Board of Directors and Group Management are defined in COLTENE Holding AG's organizational regulations and can be summarized as follows: with the exception of decisions which according to article 716a of the Swiss Code of Obligations are part of its inalienable and non-transferable duties, and those additional duties listed on pages 42 to 45, the Board of Directors has delegated the executive control of COLTENE Group and, with it, operational management of the entire COLTENE Group, to Group Management.

Information and Control Instruments vis-à-vis Group Management
As a rule, Group Management updates the Board of Directors on operations and COLTENE Group's financial position every month. In addition, the CEO and CFO report on business and all matters of relevance to the Board of Directors at each meeting of the Board of Directors. Every member of the Board of Directors has the right to ask any member of Group Management for information about matters within his remit, even outside meetings. The Chairman of the Board of Directors is also informed by the CEO about all businesses and issues of a fundamental nature or of special importance.

Risk Management

Based on an approved Risk Management policy by the Board of Directors, an extensive system for monitoring and controlling the risks linked to the business activities is in place. Group Management is responsible for the risk identification, analysis, controlling, reporting, and monitoring the implementation. The implementation is organized along the group's organizational areas with each member of Group Management heading the processes in their correspondent areas of responsibilities.

The Board of Directors reviews the risk management and the results of implemented corrective actions once a year, based on a detailed protocol. In 2020, a total of twenty-six risks have been assessed in a matrix along four stages of probability of occurrence and four stages of impact on net income. The protocol additionally compares the current assessment to the previous year. Seven out of the twenty-six risks have been classified as critical in terms of potential impact on net income and probability of occurrence. For example, tax risks and respective potential impact are considered to be low, in contrast to cyber threats. The analysis includes newly assessed risks such as a global pandemic.

The risks are assessed in the categories of Strategy, Operation and Reporting. The topics cover customers as a stakeholder group and range from the global market environment and sales management, to customer needs related to product groups, product and service quality, and flexibility in developing new online sales channels. Employees as another important stakeholder group are covered in the assessment of the image of COLTENE as an employer, career development as well as in their role in reputational processes towards other stakeholders. Regarding operations, general high-tech industry factors such as efficiency, adaptability, and trademark and brand awareness are weighed in. Leadership, internal and external reporting as well as compliance are also fields covered by the risk assessment. Financial risks are identified regarding currency exposures among other factors. The sale of Vigodent in Brazil, among other reasons also due to prolonged and increasing currency weakness of the BRL was the most impactful decision stemming from risk management processes in 2020.

Based on an approved Internal Control System policy by the Board of Directors, the internal control mechanisms are reviewed and documented. At least once a year a member of the Audit and Corporate Governance Committee reviews in detail the assessment of risk by Group Management as well as the corrective and mitigative actions implemented. The findings of the Committee are reviewed regularly by the Board of Directors.

Board of Directors

The Board of Directors of COLTENE has committed itself to maintaining the highest standards of integrity and transparency in its governance of the Company.

Matthew Robin | Allison Zwingenberger | Jürgen Rauch | Nick Huber | Astrid Waser | Roland Weiger | Erwin Locher

Set out below are the names, position, age, year of first election, and committee memberships of the Board of Directors:

Membership of the Board of Directors

				2020	
Members	**Function Board of Directors**	**Born in**	**Year of first election**	**Audit and Compliance Committee**	**Nomination and Compensation Committee**
Nick Huber	Chairman	1964	2005		Member
Erwin Locher	Member	1953	2009	Chairman	
Jürgen Rauch	Member	1967	2016	Member	
Matthew Robin	Member	1965	2006		Chairman
Astrid Waser	Member	1971	2017	Member	
Roland Weiger	Member	1961	2013		Member
Allison Zwingenberger	Member	1970	2018		

Nick Huber

- Chairman of the Board of Directors
- Completion of the Stanford Executive Program
- Swiss citizen, born in 1964

Professional background (main stages)

1990–1995	IBM (Switzerland) AG, Zürich, Account Manager
1995–2016	SFS Group AG, Heerbrugg, different management positions

Other important activities and vested interests

- Member of the Board of Directors of SFS Group AG, Heerbrugg
- Member of the Board of Directors of Gurit Holding AG, Wattwil
- Member of the Board of Directors of HUWA Finanz- und Beteiligungs AG, Heerbrugg

Key knowledge and experience

- International and strategic management – many years of operational leadership experience in management positions in the SFS Group and longtime experience as member of the Board of international companies.
- Human resources – longtime operational responsibility of the human resources department of the SFS Group.
- Marketing and sales – operational management experience as divisional head of direct and indirect consumables business.

Matthew Robin

- Chairman of the Nomination and Compensation Committee
- M. Eng. in Chemical Engineering, Imperial College, University of London
- British and Swiss citizen, born in 1965

Professional background (main stages)

1987–1998	Lonza Fine Chemicals, Basel, various functions in the US and in Switzerland (last function: Business Director US Custom Manufacturing)
1998–2003	Disetronic Holding AG, Burgdorf, various Senior Management functions (last function: Head Disetronic Injection Systems)
2003–2006	Ypsomed Holding AG, Burgdorf, CEO
2007–2011	Tecan Holding AG, Männedorf, Divisional Head Liquid Handling & Robotics
Since 2011	ELSA-Mifroma Group, Estavayer-le-Lac, CEO

Other important activities and vested interests

Matthew Robin has no other important activities and vested interests.

Key knowledge and experience

- International and strategic management – longtime operational and strategic leadership experience in the medical device and other regulated international businesses.
- Manufacturing, innovation, and human resources – many years of experience as business director and CEO of large producing companies.
- Medtech and digital innovation – know-how and active access to networks in technology and marketing.

Erwin Locher

- Chairman of the Audit and Corporate Governance Committee
- Economist, University of Basel, MBA, University of Toronto (Rotman)/University of St. Gallen
- Swiss citizen, born in 1953

Professional background (main stages)

1979–1982	Sandoz AG, Basel, Internal Auditor
1982–1986	Mibelle AG, Buchs (subsidiary of Migros), Head Logistics
1986–1987	Zellweger AG, Uster, Treasurer
1987–1991	Mibelle AG, Buchs (subsidiary of Migros), Vice President Finance
1991–1996	Allo Pro AG, Baar (subsidiary of Sulzer Medica), Vice President Finance, and then President
1996–2004	Mathys Medical AG, Bettlach, CEO and President Synthes Division

Other important activities and vested interests

- Chairman of the Board of Directors of Thommen Medical AG, Grenchen
- Member of the Board of Directors of Mathys Medical AG, Bettlach

Key knowledge and experience

- International and strategic management, marketing and sales – experience as former CEO of a global medical device company.
- Financial management, audit, and compliance – many years of experience as Vice President of finance in a national and international company.
- Dental industry – operational responsibility for the COLTENE Group as CEO ad interim in 2011/2012.

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Roland Weiger

- Prof. Dr. med. dent., University of Tübingen, Germany
- German and Swiss citizen, born in 1961

Professional background (main stages)

2000–2002	University of Tübingen, Professor of Endodontology
2002–2011	Chairman of the Research Committee, European Society of Endodontology (ESE)
Since 2002	University of Basel, Professor and Director, Clinic of Periodontology, Endodontology and Cariology
2012–2015	University of Basel, Director of the Department of Dental Medicine
Since 2016	University Center of Dentistry (UZB), Basel, Director of the University Dental Clinics and member of the Executive Board

Other important activities and vested interests

- Member of the Expert Commission of the Swiss Society for Preventative, Restorative and Esthetic Dentistry (SSPRE)
- Member of the Board of the Swiss Society of Periodontology (SSP)
- Member of the Swiss Examining Board (federal exams in dentistry)

Key knowledge and experience

- Expertise in general dentistry and specialized conservative dentistry – longtime leadership experience as chairman of a dental department and higher-level clinical university institution.
- Experience in dental technology and dental market – profound expertise in research, teaching, and clinical procedures as professor in conservative dentistry and professional competence as practicing dentist specialized in endodontology and restorative dentistry.

Jürgen Rauch

- Business economist, University of Innsbruck
- Austrian citizen, born in 1967

Professional background (main stages)

1993–1994	Pittra Inc, New York, various Management functions
1994–2004	Rauch Hungaria Kft, Budapest, General Manager
Since 2004	Rauch Fruchtsäfte GmbH & Co OG, Rankweil, CEO

Other important activities and vested interests

Jürgen Rauch has no other important activities and vested interests.

Key knowledge and experience

- Production and distribution – longlasting experience in building up and in general management of an international bottling company for liquid consumables.
- Marketing and branding – many years of experience in the positioning and marketing of an international renowned brand in the consumables industry.

Astrid Waser

- Dr. iur., attorney-at-law, LL.M., University of Lausanne
- Swiss citizen, born in 1971

Professional background (main stages)

2002–2011	Lenz & Staehelin, Zürich, Associate
2004	Foreign Associate, Brussels
Since 2012	Lenz & Staehelin, Zürich, Partner

Other important activities and vested interests

Astrid Waser has no other important activities and vested interests.

Key knowledge and experience

- Legal affairs and compliance – proven expert in competition and procurement law and long-standing experience in counselling firms in the field of business law, in particular regarding internal and regulatory investigations and compliance matters.

Allison Zwingenberger
- DVM, University of Guelph
- Canadian and German citizen, born in 1970

Professional background (main stages)

Since 2005	University of California, Davis, Professor of Veterinary Radiology
2006–2018	SciCan Ltd., Toronto, member of the Board of Directors
2015–2017	American College of Veterinary Radiology (ACVR), President CT/MRI Society
2016–2018	European College of Veterinary Diagnostic Imaging (ECVDI), President
Since 2018	University of California, Davis, Cancer Center, Co-Director of the Translational Imaging Shared Resource
Since 2020	Director of Diagnostic Imaging, Veterinary Medical Teaching Hospital, University of California, Davis

Other important activities and vested interests

Allison Zwingenberger has no other important activities and vested interests.

Key knowledge and experience
- Experience as a Board member of SciCan Ltd., specializing in infection control in the dental industry.
- Professor at a leading school of veterinary medicine with experience in leadership, healthcare, and education.
- Experience in biomedical science as an NIH-funded clinician researcher in translational imaging with a master's degree in Clinical Research.

Group Management

Group Management of COLTENE has committed itself to the highest principles of sustainability, integrity, and responsibility that build the foundation of COLTENE's corporate culture.

Christophe Loretan | Stefan Helsing | Gerhard Mahrle | Martin Schaufelberger | Martin Schlüter | John Westermeier | Werner Barth

Martin Schaufelberger

- Chief Executive Officer COLTENE Group (since 2012)
- Electrical Engineer, Fachhochschule für Technik, Rapperswil
- MBA Marketing, City University of Seattle, Zürich and Seattle
- Swiss citizen, born in 1964

Professional background (main stages)

1988–1998	Zellweger Uster AG, Uster, various functions in Switzerland and Japan (last function: General Manager Strategic Marketing)
1998–2001	Kunststoff Schwanden AG, Schwanden, Head Marketing and Sales
2001–2007	Kunststoff Schwanden AG, Schwanden, Deputy CEO
2007–2012	Kunststoff Schwanden AG, Schwanden, CEO

Other important activities and vested interests

- Chairman of the Board of Directors of Zünd Systemtechnik AG, Altstätten
- Member of the Board of Directors of Toneatti Construction Companies, Bilten

Gerhard Mahrle

- Chief Financial Officer COLTENE Group (since 2014)
- lic. oec. HSG, University of St. Gallen
- Swiss citizen, born in 1957

Professional background (main stages)

1985–1992	Various senior positions in finance at the Galenica Group and the Hilti Group
1992–1998	Eugster/Frismag Group, Romanshorn, CFO
1998–2000	Batigroup Holding AG, Basel, CFO
2000–2009	sia Abrasives Holding AG, Frauenfeld, CFO
2009–2013	Kardex AG, Zürich, CFO

Other important activities and vested interests

Gerhard Mahrle has no other important activities and vested interests.

Stefan Helsing

- Chief Operating Officer COLTENE Group (since 2018)
- lic. oec. HSG, University of St. Gallen
- Swiss citizen, born in 1958

Professional background (main stages)

1985–1994	Management Zentrum St. Gallen and Indevo AB, Management Consultant
1994–2000	Swissair AG, Zürich, Network Management and CEO Balair-Airline
2000–2005	STA Travel Ltd., Zürich, CEO
2005–2008	Hotelplan Management AG, Glattbrugg, Production Management
2008–2018	Sanavis Group, Toronto and Leutkirch, Executive Chairman

Other important activities and vested interests

- General Manager and minor owner of Sycotec GmbH & Co. KG, Leutkirch
- Member of the Board of Directors of eMonitor AG, St. Gallen

Werner Barth

- Vice President Product Management/Group Marketing COLTENE Group
- Member of Group Management since 2015
- Dr. sc. techn. ETH, Zürich
- Swiss citizen, born in 1966

Professional background (main stages)

1999–2001	VOLPI AG, Schlieren, Head Business Unit Medical Products
2001–2004	HMT High Medical Technologies AG, Lengwil, Product and Sales manager
2005–2006	Ziemer Ophthalmic Systems AG, Port, Head Marketing & Sales
2006–2013	Ziemer Ophthalmic Systems AG (Ziemer Group), Port, Vice President Sales
2013–2015	Coltène/Whaledent AG, Altstätten, Global Director Marketing

Other important activities and vested interests

Werner Barth has no other important activities and vested interests.

Christophe Loretan

- Vice President Sales & Marketing Communication EMEA/ROW COLTENE Group
- Member of Group Management since 2015
- Dipl. sc. nat. ETH Zürich
- MBA University of Rochester, Bern
- Swiss citizen, born in 1970

Professional background (main stages)

1998–2002	Geistlich Pharma AG, Wolhusen, Marketing Manager and Area Sales Manager Division Biomaterials
2002–2003	Tillotts Pharma AG, Ziefen, Business Development Manager Pharma/ Gastroenterology
2003–2005	Novozymes Switzerland AG, Dittingen, Global Marketing Manager
2006–2013	Novozymes Switzerland AG, Dittingen, Customer Solutions Director EMEA
2013–2015	Novozymes Switzerland AG, Dittingen, Technical Service and Sales Director EMEA
2015–2019	Coltène/Whaledent Inc., Cuyahoga Falls, Vice President Global Sales

Other important activities and vested interests

Christophe Loretan has no other important activities and vested interests.

Martin Schlüter

- Vice President R&D/Innovation COLTENE Group
- Member of Group Management since 2020
- Dr. rer. nat., Dipl. Chem. Westfälische Wilhelms Universität, Münster
- German citizen, born in 1972

Professional background (main stages)

2005–2007	BEGO Bremer Goldschlägerei Wilhelm Herbst GmbH & Co. KG, Bremen, Manager R&D Department Dental Consumables
2007–2009	BEGO Bremer Goldschlägerei Wilhelm Herbst GmbH & Co. KG, Bremen, Manager of Business Unit Dental Consumables & Ceramics
2009–2010	BEGO Bremer Goldschlägerei Wilhelm Herbst GmbH & Co. KG, Bremen, Manager R&D and Innovation Management
2010–2018	Director R&D EMEA, Coltène/Whaledent AG, Altstätten
2018–2019	Director R&D/Innovation, COLTENE Group, Altstätten

Other important activities and vested interests

Martin Schlüter has no other important activities and vested interests.

John Westermeier

- Vice President Sales & Marketing Communication North America COLTENE Group
- Member of Group Management since 2020
- B.A. Marketing & Communications Canisius College, Buffalo, NY
- US citizen, born in 1965

Professional background (main stages)

1992–2007	KaVo America, Brea CA/USA, Director of National Accounts, Regional Manager, Sales Trainer
2007–2010	SciCan Inc., Pittsburgh PA, Director of New Product Sales
2010–2015	SciCan Inc., Pittsburgh PA, President
2015–2019	SciCan Group, Toronto ON, CEO SciCan Ltd. and Head of Sales

Other important activities and vested interests

John Westermeier has no other important activities and vested interests.

Group Management

On January 1, 2021, COLTENE Holding AG's Group Management consisted of seven persons (in 2020 seven persons and in 2019 six persons): the CEO Martin Schaufelberger, the CFO Gerhard Mahrle, who also acts as deputy CEO, the COO Stefan Helsing, Werner Barth, Vice President Product Management/Group Marketing, Christophe Loretan, Vice President Sales/ Marketing Communication Europe and Rest of the World (ROW), John Westermeier, Vice President Sales/ Marketing Communication of North America, and Martin Schlüter, Vice President R&D/Innovation.

For further information regarding the changes in Group Management team see page 40 of this report.

Members of Group Management

The personal details together with the other activities and vested interests of individual members of the actual Group Management are listed on pages 51 to 55.

Management Contracts

No agreements pertaining to the provision of managerial services exist between COLTENE Holding AG and other companies or natural persons outside the COLTENE Group.

Restrictions on Activities outside of COLTENE Group

Restrictions on activities outside of the COLTENE Group of the members of Group Management are governed in Paragraph 18 of the Articles of Incorporation.

Principles on Compensation

Principles applicable to performance-related payments and to the allocation of equity securities, convertible rights, and options, as well as the additional amount for payments to members of Group Management appointed after the vote on the compensation at the General Meeting of Shareholders are governed in Paragraphs 22 et seq. of the Articles of Incorporation.

Loans, credit facilities, and post-employment benefits for members of the Board of Directors and Group Management are governed in Paragraph 28 of the Articles of Incorporation.

Regulations on the vote of the General Meeting of Shareholders on the compensation to members of the Board of Directors and Group Management are governed in Paragraphs 13.3 and 21 et seq. of the Articles of Incorporation.

Further information regarding the compensation of the Board of Directors and Group Management is available in the section of the compensation report on pages 62 to 72 of this Annual Report.

Shareholders' Participation Rights

Details of shareholders' participation rights can be found in the Articles of Incorporation. They are available in German as well as in an unofficial translation in English on the website at: https://www.coltene.com/de/investoren-medien/corporate-governance/ (German version) and https://www.coltene.com/investor-relations/corporate-governance/ (English version).

Voting Right Restrictions and Representation

The Articles of Incorporation contain no restrictions on voting rights. Every registered share represented at the General Meeting is entitled to one vote. A shareholder may vote his own shares or be represented at the General Meeting by way of a written proxy. Since the Annual General Meeting 2015, every shareholder can use also the online platform of ShareCommService AG ("Indirect Voting System – IDVS") in order to grant the independent proxy a power of attorney and to forward his instructions to such independent proxy.

Statutory Quorums

Unless otherwise determined by law, a General Meeting convened in accordance with the Articles of Incorporation is quorate regardless of the number of shareholders attending or the number of shares represented. To be valid and subject to legal or statutory provisions, resolutions require an absolute majority of the votes submitted.

Important decisions of the General Meeting as defined in article 704 Paragraph 1 of the Swiss Code of Obligations require at least two thirds of the votes present and the absolute majority of the par value of shares represented.

Convocation of the General Meeting of Shareholders

The ordinary General Meeting of Shareholders takes place annually within six months of the end of the Company's financial year. Extraordinary General Meetings can be called by decision of the General Meeting, the Board of Directors, at the request of the auditors, or if shareholders representing at least a tenth of the share capital submit a request in writing, stating the purpose to the Board of Directors.

The invitation to the General Meeting of Shareholders is published in the Swiss Official Commercial Gazette. All shareholders whose addresses are registered in the share register are notified by a letter or by e-mail at their choice.

Agenda

The Articles of Incorporation contain no regulations relating to agendas that differ from those set forth by the law.

Entries in the Share Register

Shareholders and/or beneficiaries of registered shares are entitled to vote if they are registered in the share register at the time of the General Meeting of Shareholders. The Board of Directors shall determine and indicate in the invitation to any General Meeting of Shareholders the relevant cut-off date for registrations in the share register that shall be relevant for the eligibility of any shareholder to participate in and vote at such General Meeting.

Changes of Control and Defense Measures

Public Purchase Offers

The Articles of Incorporation of COLTENE Holding AG do not stipulate an alleviation or exemption for the duty to submit a public offer according to articles 135 and 163 of the Swiss Federal Act on Financial Market Infrastructures and Market Conduct in Securities and Derivatives Trading (FMIA) (Bundesgesetz über die Finanzmarktinfrastrukturen und das Marktverhalten im Effekten- und Derivatehandel, FinfraG).

Clauses on Changes of Control

No change of ownership clauses are in effect at December 31, 2020, at COLTENE Group and Senior Management level.

Auditors

Duration of Mandate and Lead Auditor's Term of Office

The auditor of COLTENE Holding AG is elected by the Annual General Meeting for a term of one year. In the year under review, Ernst & Young AG (EY), listed as auditor in the commercial register of COLTENE Holding AG since June 25, 2012, served in this capacity. EY also serves as Group auditors. In accordance with legal requirements, the lead auditor is replaced after a maximum period of seven years. After the first seven-years period, Iwan Zimmermann became lead auditor in 2019.

Auditing Fees

The budget for the audit fees is proposed by the CFO and approved by the Audit and Corporate Governance Committee. The total sum charged during the year under review by EY amounted to CHF 303 000 (CHF 306 000 in previous year) and was related to audit services, which included the audit of the statutory financial statements of COLTENE Holding AG and of all major subsidiaries, as well as the audit of the consolidated financial statements.

Audit services are defined as the standard audit work performed each year in order to issue opinions on the Group companies in scope and the consolidated financial statements of the Group, to issue opinions relating to the existence of the Group's internal control system, and to issue reports on local statutory financial statements if required. Also included are audit services that are provided by the Group auditor, such as auditing of non-recurring transactions and implementation of new accounting policies, as well as audits of accounting infrastructure system controls.

Additional Fees
For non-audit-related services, EY was paid fees totaling CHF 6000 (CHF 60 000 in previous year). These amounts were mainly paid for services in connection with tax-related questions of restructuring projects. The execution or assistance of EY in the preparation of financial statements, the consolidated financial statements and related documents is not permitted.

Supervisors and Control Instruments Pertaining to the Auditors
As explained on page 43, the Board of Directors has established an Audit and Corporate Governance Committee to monitor the external auditors (statutory and COLTENE Group auditors). The Audit and Corporate Governance Committee, acting on behalf of the Board of Directors, is responsible for overseeing, monitoring and evaluating the activities of the auditors. The auditor participates regularly in the meetings of the Audit and Corporate Governance Committee, providing oral and written reports on the results of its reviews and audits. In 2020, the auditors participated in two meetings of the Audit and Corporate Governance Committee. The Audit and Corporate Governance Committee checks and evaluates the auditor and makes recommendations to the Board of Directors. The independence of the auditor is ensured by various measures. There is no explicit threshold for non-audit related fees, but they are not allowed to be significant in relation to the audit fees and must be approved by the CFO in order to assure that there is no potential conflict between the audit and non-audit services of the auditor. As part of his reporting for the consolidated and statutory financial statements, the auditor confirms its independence vis-à-vis COLTENE Holding AG.

The performance of the auditor is evaluated by the Audit and Corporate Governance Committee as well as by employees of COLTENE who are in regular contact with the auditor. The assessment is based on criteria such as the professional expertise and know-how, the understanding of the corporate structure and company specific risks, comprehensibility of the audit strategy proposed by the auditor, and diligence in the implementation of the proposed audit strategy, as well as the coordination of the auditor with the finance department of the COLTENE Group and the audited entities. In addition, the Audit and Corporate Governance Committee reviews the results of the audit and particularly the comprehensive audit report for the consolidated annual financial statements. Based on the performance evaluation, the Audit and Corporate Governance Committee recommends to the Board of Directors whether EY should be proposed to the Annual General Meeting for re-election.

Information Policy
COLTENE Holding AG provides its shareholders with information in the form of the Annual Report and Half-year Report. At the publication date of the annual results, COLTENE informs at the annual press and analysts conference and later at the Annual General Meeting in detail about its business activity. At the publication date of the half-year results COLTENE informs about the business activity by means of a conference call. Important events are published immediately through press releases and/or letters to shareholders. Further information can be requested at the contact address indicated on page 7 and 110.

Internet
Shareholders and other interested parties can obtain information about the COLTENE Group on the Internet at www.coltene.com and subscribe to a news service.

Ad Hoc Publicity
COLTENE Holding AG maintains regular contact with the financial world in general and with important investors. At the same time, it abides by the legally prescribed principle of treating all parties equally as regards communication. Relevant new facts are published openly and are available to all interested parties. All press releases and ad hoc publications can be found as follows:
https://global.coltene.com/de/investoren-medien/medienmitteilungen/ (German Version)
https://www.coltene.com/investor-relations/media-releases/ (English version)

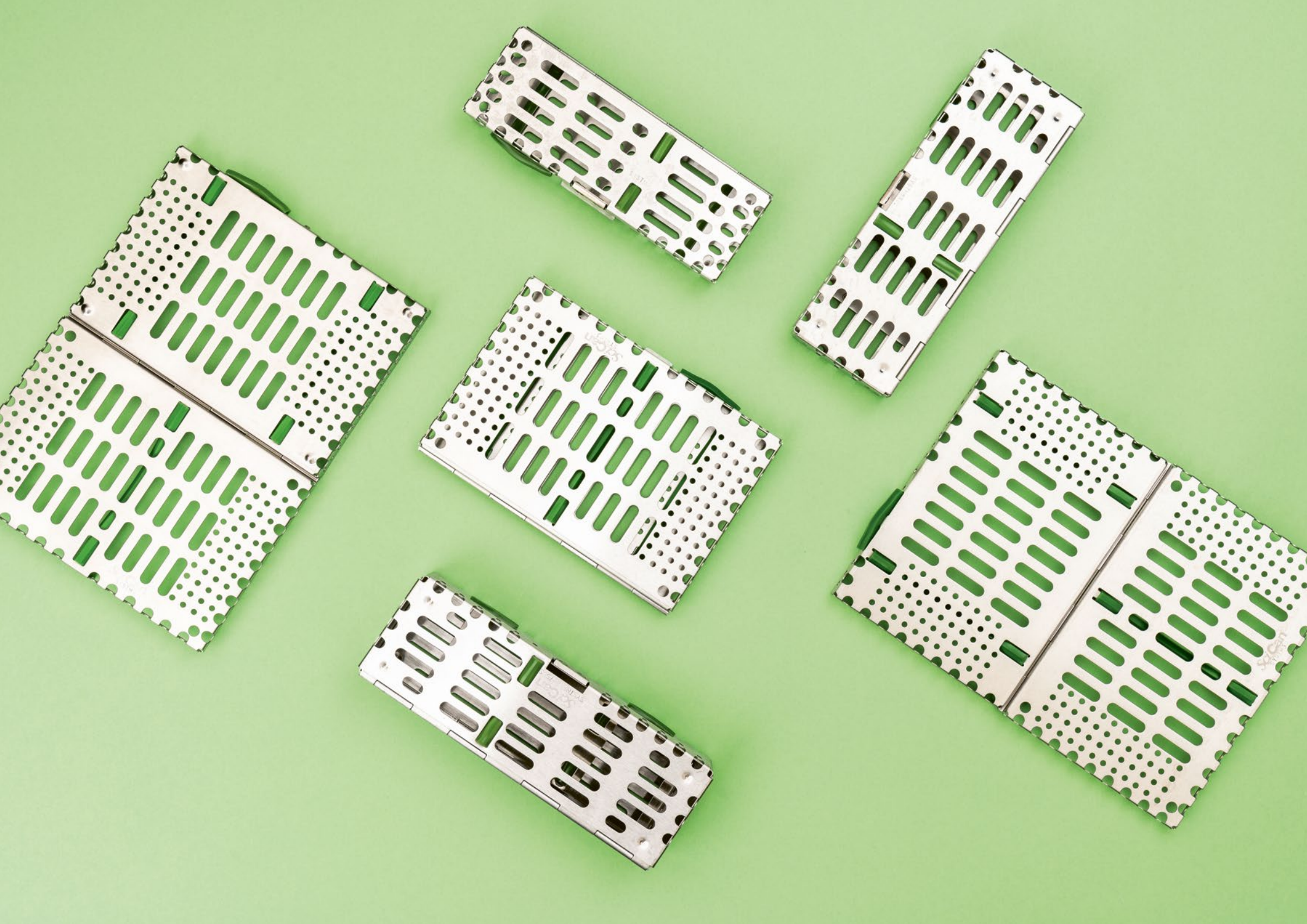
Financial Publications
https://global.coltene.com/de/investoren-medien/finanzpublikationen/ (German Version)
https://www.coltene.com/investor-relations/financial-publications/ (English version)

Articles of Incorporation
https://global.coltene.com/de/investoren-medien/corporate-governance/ (German Version)
https://www.coltene.com/investor-relations/corporate-governance/ (English version)

Corporate Communications and Investor Relations
COLTENE Holding AG
Corporate Communication/Investor Relations
Feldwiesenstrasse 20
9450 Altstätten, Switzerland
+41 71 7575 54 37
investor@coltene.com

For important dates of publications this year, the following year, and contact addresses refer to page 7.

Non-applicability/negative statement
It is explicitly declared that all statements that are not included or mentioned in this report are considered as either not applicable or negative statements according to the directive on information relating to Corporate Governance published by SIX Swiss Exchange AG or the associated commentary.



SciCan STATIM G4

Cassette Autoclave, Connected for Remote Access Convenience

The SciCan STATIM G4 Autoclave saves time by completing sterilization and cooling in shorter cycles. Maintenance reminders, instructions and the option for automatic software updates keep the autoclave in good working order.

Compensation Report

1 Introduction

This report provides an overview of COLTENE's compensation principles and practices. It provides information on the compensation of the Board of Directors and Group Management in 2019 and 2020. It explains the variable compensation systems and equity participation programs and discloses equity participations of Directors and Group Management in the Company.

These principles and practices are designed to:
- Align the interests of the leadership team and employees with those of our shareholders
- Support our attractiveness as a global employer, helping us to retain and recruit an engaged workforce
- Reward individuals according to clear targets
- Encourage entrepreneurism, above-market performance, accountability and value creation

We believe that our plan is balanced and in line with current best practices.

1.1 Reporting Standards

The compensation report is written in accordance with the Ordinance Against Excessive Compensation in Listed Companies (VegüV), the standard relating to information on Corporate Governance of the SIX Swiss Exchange, and the principles of the Swiss Code of Best Practice for Corporate Governance of economiesuisse. The compensation paid or granted to Directors and Group Management is presented in our audited Financial Report (see pages 106).

1.2 Management Structure

Annual General Meeting
Board of Directors/Nomination and Compensation Committee
Group Management
Senior Management
Employees

Fig. 1: Management Structure

Information regarding the Board of Directors and the members of Group Management is available in the Corporate Governance report on pages 46 to 55.

1.3 Corporate Governance

The Board of Directors proposes candidates for the Nomination and Compensation Committee (NCC) to be elected annually by shareholders at the Annual General Meeting (AGM). Since the AGM 2016, the NCC is composed as follows:

Chair: Matthew Robin
Members: Nick Huber and Roland Weiger

The Board of Directors determines the NCC's responsibilities, and passes all resolutions on the Company's compensation system (see pages 42 to 44). The NCC is entrusted with the design of the compensation system that applies to Directors, Group Management and Senior Management. It reviews the principles and programs for compensation, and ensures that the compensation paid by the Company is based on market and performance related criteria. The NCC reports to the Board of Directors on compensation practices as well as on Group Management compensation at least once a year and proposes changes when necessary. Any recommendations made to the Board of Directors by the NCC are discussed, adjusted if required and formally approved by the Board of Directors. Among other duties, the NCC:
- Recommends the remuneration of the members of the Board of Directors
- Defines the principles for the remuneration and recommends the remuneration of the members of Group Management and submits these to the Board of Directors for approval
- Prepares the compensation report annually to be presented to the AGM

Recommendation and decision responsibilities with regard to compensation

Recipient	Recom-mendation	Decision	Approval
Chairman of the Board of Directors	NCC	BoD	AGM
Other members of the Board of Directors	NCC	BoD	AGM
CEO	NCC	BoD	AGM
Other members of Group Management	CEO	BoD	AGM
Senior Management		Group Management	Group Management

NCC: Nomination and Compensation Committee
BoD: Board of Directors
AGM: Annual General Meeting
CEO: Chief Executive Officer

This table describes the recommendation, decision and approval process of the COLTENE Group with regard to compensation of the Board of Directors, Group Management, and Senior Management (including the split in fixed and variable components and the approval of the maximum payout). According to the Ordinance Against Excessive Compensation in Listed Companies, effective since 2014, and the Articles of Incorporation of COLTENE Holding AG of October 9, 2018, the compensation payable to the Board of Directors and to Group Management has to be approved by the Annual General Meeting (AGM). COLTENE has chosen that the AGM approves the compensation for the following financial year. While the NCC recommends the remuneration packages, the Board of Directors decides on the compensation packages that are submitted to the AGM for approval. Group Management sets and approves the compensation for Senior Management within the guidelines set by the NCC. For all other employees, Group Management is responsible for setting the guidelines for compensation; these are implemented by Senior Management.

Up to now all approvals of compensation have been submitted for approval in advance by the AGM. At the AGM 2021, the Board of Directors will propose to the shareholders the following new approval process with regard to the compensation to Group Management:

- The fixed compensation for Group Management shall be approved for the next financial year
- The variable compensation for Group Management shall be approved retrospectively by the AGM following the respective financial year

At the same time the approval process of the remuneration of the Board of Directors will be changed as well. In future the remuneration of the Board of Directors will be approved by the AGM for the period of one year lasting from the actual AGM to the next AGM (instead of the financial year).These changes will come into force in several steps with the first step being the approval of the total compensation to the Board of Directors and the fixed amount of the compensation of Group Management at the AGM 2021 for 2022 as described above in line with the necessary amendments of the respective Articles of Incorporation of the Company.

2 Compensation Principles

2.1 Driving Values through Compensation

COLTENE believes that a compensation system based on value creation encourages sustainable performance, loyalty, and entrepreneurship is thus in the interests of management, employees, and shareholders. The Group is committed to compensating staff, management, and Directors in a way that is competitive and rewards sustainable, short-term and long-term performance with the objective of driving value.

It is COLTENE's view that the success of a company depends largely on the quality and engagement of its people. A modern compensation system is an important instrument for attracting, retaining, and motivating talented people. COLTENE's compensation system takes these factors into account in that it:

- Offers competitive salaries
- Fosters a high-performance culture that differentiates and rewards above-average individual performance, both in the short and long term
- Links variable long-term compensation to value generated by the Company over the long term based on shareholder expectations
- Provides employees with benefits based on good practices and regulations in local markets

The system is periodically reviewed by the NCC for effectiveness and adjusted if required.

2.2 Determination Procedure for Compensation

COLTENE's policy is to pay employees, management, and Directors a compensation according to their expertise, formal qualifications, skills, experience, and area of responsibility.

Key employees and employees with management functions receive a variable compensation component in addition to their fixed compensation. The main target of the variable pay is to share the economic success of the COLTENE Group with them.

Benchmark reviews for the remuneration of the Board of Directors and Group Management are conducted regularly by COLTENE, by using of independent specialists and/or external studies if appropriate. In the reporting year, a benchmark review based on nine listed companies was conducted with regard to the compensation of Group Management and the Board of Directors. The sample of the benchmark review consisted of Swiss listed companies comparable to COLTENE Holding AG that were selected according to one or more criteria such as industry, geographic location, and size. Compared with the selected benchmark, the compensation for the Chairman of the Board of Directors is in the lower quartile. For the entire Board of Directors, the CEO, and Group Management, the compensation is in the lower half of the peer group. The benchmark was made with the following companies: Straumann, IVF Hartmann, Basilea, Siegfried, Bachem, Dottikon ES, Arbonia, VAT Group, and Starrag.

2.3 Ethical, Fair Standards

COLTENE is committed to fair and equal treatment of all its employees and seeks to be in full compliance with the regional labor standards. Compensation is not influenced by gender or by non-performance-related criteria other than specific professional experience.

3 Total Compensation and Compensation Elements

Total compensation for all employees including management and Directors can be found in the financial section of the Annual Report on page 87.

The compensation of Group Management team members comprises fixed and variable components. The percentage of the variable component depends on the role of each member of Group Management and is proposed by the Nomination and Compensation Committee at its own discretion. For the CEO the maximum variable portion is 50 % of the total remuneration. For other Group Management members it varies from 15 % to 50 %. The Board of Directors approves the split. The variable compensation mix for Group Management includes a long-term variable remuneration element, which is paid in shares blocked for three years.

Directors receive a fixed annual cash fee and a fixed amount of money in shares, also blocked for three years. 100 % of Directors compensation is fixed. Their pay includes no variable component. The Directors receive 80 % to 90 % of the fixed compensation in cash and the remaining 10 % to 20 % in shares valued at the volume-weighted average share price of the preceding month of the pay date.

The split of the total maximum compensation is set as follows:

Compensation Elements

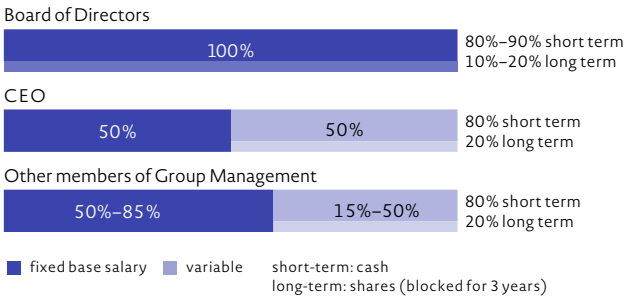


Fig. 2: Compensation elements

3.1 Fixed Compensation Elements

The fixed compensation elements of the remuneration of Group Management include the following components:

- Base salary
- Pension plan benefits[1] (subject to local practices and regulations)
- Other benefits (subject to local practices and regulations)

[1] The Board of Directors is not entitled to a pension plan under Swiss legislation (BVG).

Base salary

Group Management members receive a base salary in accordance with their role.

Other benefits

COLTENE's benefit programs including local pension benefits are an integral part of total compensation and are designed to enable the Company to compete effectively for talent and retain it. Benefits are structured to support COLTENE's overall business strategy, and are aligned with local legislation and practices. Group Management members and certain members of Senior Management, depending on their travel frequency, are entitled to a company car.

3.2 Variable Compensation Elements

The variable component of total compensation for each member of Group Management varies by function (role), seniority, and responsibility. Total variable compensation is based on one or several quantitative financial targets plus individual performance targets.

In 2020, net sales and results of the COLTENE Group were impacted by the COVID-19 pandemic. In the second quarter (Q2), the COVID-19 pandemic forced dental clinics and practices worldwide to scale back their business activities and demand for dental consumables dropped across nearly all product groups and lines. In many core markets, governments mandated the full or partial closing of most dental practices or they were restricted to treating emergency patients only. This lockdown was an extrinsic factor beyond the influence of Group Management. After Q2, sales and results started to recover. The Board of Directors therefore decided to measure the quantitative targets of Group Management not on a yearly basis as usual, but on a quarterly basis. For this purpose the annual quantitative targets were broken down into quarterly targets according to monthly budgeted figures and measured on this basis but annual targets remained unchanged. In this way target achievement could better reflect the results of measures taken by Group Management to mitigate the COVID-19 pandemic. This change of procedure for the assessment of the quantitative targets of Group Management and hence of the determination of the variable compensation was a one-time issue and only applied to financial year 2020.

Quantitative targets

Quantitative targets are key performance indicators (KPIs) on which the individual member of Group Management has a direct impact. As a rule, each member of Group Management has two or three quantitative targets to meet. These quantitative targets are based on the budget approved by the Board of Directors for the financial year and are generally selected from the following key indicators:

- EBIT margin (operating margin before interest and tax) for the COLTENE Group
- Net sales for the COLTENE Group or for the region applicable to the member of Group Management
- Net sales for focus products
- Net sales for new products

In fiscal year 2020, the targets of Group Management included net sales of the COLTENE Group, net sales of focus products, and the operating margin before interest and tax (EBIT margin). The net sales targets as well as the EBIT target were based on the one-time quarterly view because of the COVID-19 pandemic impact partly not achieved and partly overshot.

Individual targets

Individual targets are agreed separately with each member of Group Management and approved by the Board of Directors. These targets measure the performance of each individual member of Group Management. As a rule, each member agrees to meet five individual targets of equal or different weighting. These targets are aligned with the role and responsibilities of each individual member of Group Management and with the Group strategic targets. For example, they may include delivery on specific individual projects, organizational restructurings or product launches or tool rollouts. At the end of the

financial year, the CEO reviews and rates the individual target achievements of the other members of Group Management and proposes these to the Compensation and Nomination Committee. The Board of Directors is responsible for reviewing and rating the individual targets of the CEO. Each member of Group Management can achieve a maximum of 100 points or 100 % by meeting the individual targets. If, for example, 80 points are achieved or 80 % of the individual targets are met, 80 % of the variable compensation agreed for this part of the variable compensation is paid out. Attainment of individual targets of each member of Group Management is finally approved by the Board of Directors at the end of the financial year.

The principle individual targets of COLTENE Group Management members for 2020 included market targets such as the improvement of the Endo business, the definition of a new pricing system and the integration of marketing communication into the sales organization, as well as operational targets such as the review and improvement of operational excellence and implementation of SAP at Micro-Mega. These individual targets were achieved in a range from 67 % to 86 %.

Weighting by variable compensation component
The variable compensation components are weighted as follows:
- Each quantitative target has a weighting of 25–50 %
- The individual or personal targets have a combined weighting of 20–35 %

The exact weighting of individual targets is set annually within these ranges and remains unchanged for the performance measurement period.

Weighting of quantitative criteria
The measurement scale for the achievement of quantitative financial targets (company performance and financial targets) extends from 0 % to a maximum of 120 % and is based on a line joining three points as explained in the illustration. Entitlement to variable compensation based on financial targets starts at a minimum of 80 % fulfillment of the defined target but it may start at a higher percentage than at 80 % of the defined target. An example for a target with a higher starting point, e.g. 90 % fulfillment, is net sales. This means that no variable compensation will be paid for this target until at least 90 % of the targeted net sales is achieved. The maximum payment made for the achievement of a single financial target is 150 % of the defined variable compensation for this single target.

Composition of Group Management compensation

	Fixed and variable percentage of total compensation		Quantitative and personal targets and their weighting			Long-term versus short-term variable compensation	
	Fixed percentage	Variable percentage	Net Sales Focus products New products	EBIT margin	Personal targets	Long-term variable compensation in CLTN shares (blocked for 3 years)	Short-term variable compensation paid in cash
CEO	50 %	50 %	25 %–35 %	40 %–50 %	20 %–30 %	20 %	80 %
CFO and COO	60 %–70 %	30 %–40 %	25 %–35 %	40 %–50 %	20 %–30 %	20 %	80 %
VP Sales/Marketing	60 %–80 %	20 %–30 %	45 %–55 %	25 %–35 %	25 %–30 %	20 %	80 %
VP R&D/Innovation	70 %–90 %	10 %–30 %	20 %–40 %	25 %–35 %	25 %–35 %	20 %	80 %

Fig. 3: Composition of Group Management compensation

Scale of Variable Compensation Elements

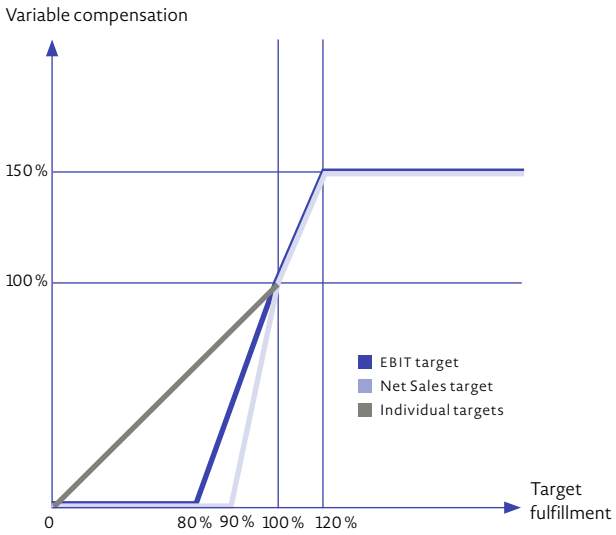


Fig. 4: Scale of variable compensation elements

Weighting of personal targets
The assessment scale for individual personal target achievement is linear and extends from 0 % to 100 %. 80 % achievement of the personal targets means that 80 % of the portion of the variable compensation related to the personal targets will be paid.

Total variable compensation and overachievement of quantitative targets
A quantitative financial target might be over 100 % fulfilled and in this case, the portion of the variable compensation related to this target will be paid up to 150 %, the maximum being achieved when the target fulfillment reached 120 %. However, the total variable compensation which results from the sum of the result of all quantitative and personal targets is capped at the maximum variable compensation agreed with each member of the management and may in no case exceed the total fixed compensation as defined in section 3.1 on page 65 and illustrated in fig. 2. This means that overachievement of one or more quantitative targets may compensate underachievement of other quantitative or qualitative targets.

Long-term component versus short-term component
Currently for Group Management, 20 % of the variable component is defined as long-term and is remunerated in the form of shares, which are blocked for three years. 80 % of the variable component is paid in cash (short-term portion). The split between long-term (20 %) and short-term (80 %) percentage of the total variable compensation of Group Management is decided periodically by the Board of Directors upon proposal of the Compensation and Nomination Committee at its own discretion.

The amount of the long-term portion of the variable compensation of each Group Management team member is divided by the grant price of the COLTENE shares. This results in the total number of shares that are granted for each Group Management team member for the reporting period. The calculation of the grant price is based on the Swiss Performance Index (SPI) of the SIX Swiss stock exchange. This calculation is defined so that if COLTENE shares outperform the SPI, Group Management members are rewarded with a larger amount of money in shares in proportion with the outperformance and in the case of underperformance are penalized by rewarding Group Management with a much lower amount of money in shares. The shares are granted at the SPI index price based on COLTENE's share price. The grant price for the reporting period is calculated based on the reference share price of the reporting period. Starting 2012, the reference price for COLTENE shares and for the SPI index are reset to the year-end share price of the prior year every four years forming the bases (SPI reference and reference share price) for the following four-year period. Based on the index price, the relative performance of the SPI is applied to calculate the grant price for COLTENE shares awarded to Group Management team members.

The following formula is applied annually to calculate the grant price and the number of shares awarded:

Grant price = (CLTN reference share price)
× (SPI at December 31 of year of the reporting period) / (SPI reference)

For the reporting year 2020, the following values apply:
- CLTN reference share price is the year-end share price at December 31, 2019 (CHF 88.80)
- SPI at December 31 of the reporting period 2020 (13 328)
- SPI reference is the SPI at December 31, 2019 (12 838)
- Grant price: CHF 92.19

The remuneration plan contractually agreed to by all eligible employees dictates that all rights granted in respect of a variable payment shall be immediately, automatically, and definitively forfeited in the case of termination for cause.

The following diagram shows the impact of overperformance or underperformance of the COLTENE share price compared to the SPI as calculated above and illustrates the effectiveness of the system.

Changes foreseen with regard to compensation

The Board of Directors will propose to the AGM 2021 the respective changes of the Articles of Incorporation with regard to the compensation to the Board of Directors and to Group Management:

- Each member of the Board of Directors will in future receive as part of the total compensation a fixed number of shares instead of a fixed amount of money in shares for a one year period that will in future last from AGM to AGM. The Chairman will receive 400 shares and each other member of the Board of Directors will receive 200 shares every year.
- The total compensation to the Board of Directors shall in future be approved for the period from the actual AGM to the next AGM prospectively.
- Each member of Group Management will in future receive a predefined fixed number of shares as part of the variable compensation. The number of shares granted in future will be calculated for the first time as follows: As this new long-term incentive compensation will come into force in the financial year 2022, the basis for the calculation of the number of shares granted shall be the volume weighted average share price (VWAP) of COLTENE shares for the period from October 1, 2021 to December 31, 2021. Each member of Group Management is entitled to receive 20 % of the 2021 total variable compensation as a maximum in shares. This amount will be divided by the VWAP to calculate the maximum number of shares to be granted in future. This maximum number of shares shall then be fixed for a certain number of years. The actual allocation of the number of shares depends on the individual target achievement of Group Management member in the respective financial year (percentage of target achievement).
- The allotment of these shares shall be approved by the AGM retrospectively for the prior financial year.
- The Board of Directors has the authority to adjust the maximum number of shares for Group Management members.

Value of share portion in case of overperformance/underperformance

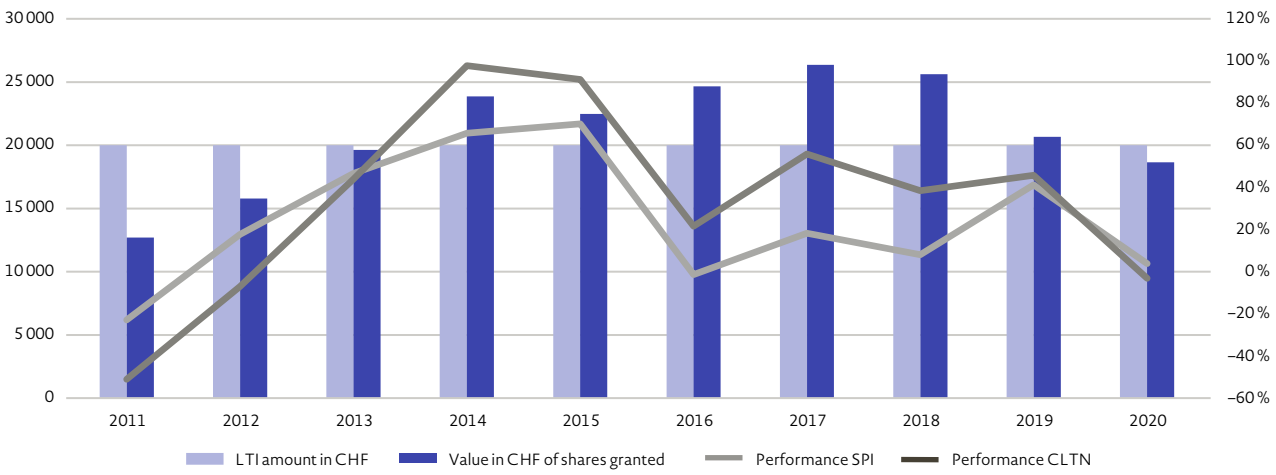


Fig. 5: Value of share portion of variable compensation

- The remaining 80 % of the variable compensation to Group Management members will be continued to be paid in cash.
- The fixed compensation to Group Management in cash shall be approved by the AGM in advance as today.

The new long-term incentive system is easy to handle and the Board of Directors and Group Management will be directly impacted positively or negatively in the case of changes of the share price like any other shareholder. Due to the changes of the long-term compensation system of Group Management the variable portion can be higher than the fixed portion of the compensation if the share price is high and the target achievement of Group Management member and COLTENE is high. Because of this reason the Articles of Incorporation must be amended.

3.3 Contract Duration and Notice Period

Duration of term of office of the members of the Board of Directors: Each member of the Board of Directors is elected every year at the AGM for one year of service until the next AGM. Notice period for members of Group Management: no member of Group Management has a notice period that exceeds twelve months.

3.4 Other Types of Payment

There are no severance payments, payments in advance, and no specific payments for change-of-control events. In the event of a change of control the Board of Directors decides whether there is full vesting under the long-term component of variable compensation or not.

4 Remuneration of Directors and Group Management

The tables below show the compensation paid to the members of the Board of Directors and of Group Management for the years 2019 and 2020.

Remuneration of the Board of Directors

In CHF	Base remuneration		Other remuneration	
	in cash	in shares[1]	Social security[2]	Total[3]
2019				
Nick Huber	72 000	20 000	14 366	106 366
Erwin Locher	63 000	10 000	7 444	80 444
Jürgen Rauch	54 000	10 000	0	64 000
Matthew Robin	63 000	10 000	11 445	84 445
Astrid Waser	54 000	10 000	10 024	74 024
Roland Weiger	54 000	10 000	10 024	74 024
Allison Zwingenberger	54 000	10 000	8 893	72 893
Total	**414 000**	**80 000**	**62 196**	**556 196**
2020				
Nick Huber	76 667	20 000	12 509	109 176
Erwin Locher	67 083	10 000	6 193	83 276
Jürgen Rauch	57 500	10 000	0	67 500
Matthew Robin	67 083	10 000	9 977	87 060
Astrid Waser	57 500	10 000	8 737	76 237
Roland Weiger	57 500	10 000	8 737	76 237
Allison Zwingenberger	57 500	10 000	8 737	76 237
Total	**440 833**	**80 000**	**54 890**	**575 723**

[1] The number of shares granted in 2019 is calculated based on the weighted average share price of the month of March (2020: March) of the subsequent year.
[2] Company paid social security contributions incl. AHV, IV, and ALV.
[3] As a response to the negative impacts of the COVID-19 pandemic, Group Management decided to introduce short-time work or furloughs (temporary layoffs) where feasible. In order to adjust production capacities in line with lower demand, the workforce was reduced by 10 %, or roughly 145 FTE. Most temporary employment contracts were terminated, and a hiring freeze was put in place. In the spirit of solidarity, the Board of Directors reduced their own remuneration in cash by 10% for the period of five months starting from the second quarter.

Remuneration of Group Management

In CHF	Base remuneration	Variable remuneration[1]		Other remuneration		
	in cash	in cash	in shares[2]	Social security[3]	Other benefits	Total[4]
2019						
Martin Schaufelberger	410 007	189 373	49 315	166 921	20 692	836 308
Other members	1 313 413	282 368	73 749	361 748	65 831	2 097 109
Total	**1 723 420**	**471 741**	**123 064**	**528 669**	**86 523**	**2 933 417**
2020						
Martin Schaufelberger	395 088	287 984	85 129	147 120	20 692	936 013
Other members	1 475 500	584 597	172 983	345 981	85 438	2 664 499
Total	**1 870 588**	**872 581**	**258 112**	**493 101**	**106 130**	**3 600 512**

[1] The variable remuneration, which includes cash bonus and shares, is not paid out in the reporting period. It is accrued for and paid out in the following year based on the decision of the Board of Directors.
[2] The value of shares granted is calculated based on the share price at closing of the grant date. For 2019, it was February 26, 2020, and the share price was CHF 89.50. For 2020, it was February 25, 2021, and the share price was CHF 109.00.
[3] Company paid social security contributions incl. pension fund payments, AHV, IV, ALV, NBU, and KTG.
[4] In 2020, the total compensation increased due to one more Group Management member that was appointed on January 1, 2020, despite the negative impact of the COVID-19 pandemic on the financial results of the COLTENE Group and hence on the variable compensation to Group Management and to the voluntary waiver of part of the fixed compensation.

Approved remuneration of the Board of Directors and Group Management by the AGM
On April 30, 2019, the AGM had to approve the remuneration for the Board of Directors and Group Management for the financial year 2020 based on the Ordinance Against Excessive Compensation in Public Corporations (VegüV) and the Articles of Incorporation of COLTENE Holding AG of October 9, 2018.

Approved remuneration of the Board of Directors for 2020
The AGM approved an aggregate remuneration of the members of the Board of Directors of CHF 620 000 for the financial year 2020. The division into cash and shares was not part of the approval. In total, the Board of Directors received as compensation CHF 495 723 in cash and CHF 80 000 in shares.

Compensation paid to the Board of Directors in 2020 in CHF

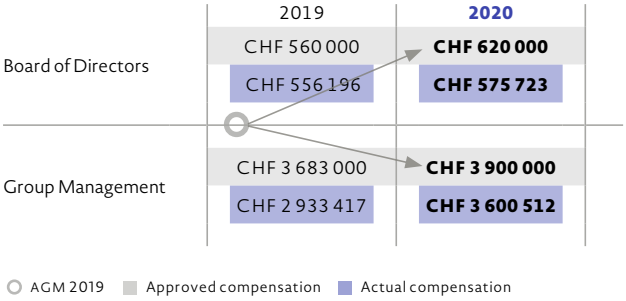
	Approved compensation	Actual compensation
Total compensation in cash	n/a	495 723
Total compensation in shares	n/a	80 000
Overall compensation	**620 000**	**575 723**

The remuneration of the Board of Directors for 2020 was within the overall approved amount.

Approved remuneration of Group Management for 2020
The AGM approved an aggregate remuneration to Group Management of CHF 3 900 000 for the financial year 2020. In total, Group Management received as compensation CHF 3 600 512.
The approved amount for the fixed compensation was CHF 2 500 000 and the received amount was CHF 2 469 819. For the variable compensation CHF 1 400 000 were approved and CHF 1 130 693 were received. Group Management reduced their own fixed remuneration in the same way as the Board of Directors by 10 % for the period of five months starting from the second quarter.

The remuneration of Group Management for 2020 was within the approved amounts.

Compensation of the Board of Directors and Group Management



Loans
In the reporting period, no loans, advances, or credits were granted to any member of the Board of Directors or Group Management.

Number of shares held by the Board of Directors

	31.12.2020	31.12.2019
Nick Huber	20 095	14 557
Erwin Locher	3 936	5 492
Jürgen Rauch	547	407
Matthew Robin	5 505	5 365
Astrid Waser	367	227
Roland Weiger	1 468	1 328
Allison Zwingenberger	172	32
Total Board of Directors	**32 090**	**27 408**

Number of shares held by Group Management

	31.12.2020	31.12.2019
Martin Schaufelberger	12 350	11 799
Gerhard Mahrle	3 346	3 071
Werner Barth	1 648	1 540
Stefan Helsing	40 402	54 170
Christophe Loretan	756	624
Martin Schlüter [1]	0	n.a.
John Westermeier [1]	0	n.a.
Werner Mannschedel [2]	n.a.	2 413
Total Management	**58 502**	**73 617**

[1] New members of Group Management appointed on January 1, 2020.
[2] Werner Mannschedel retired on December 31, 2019.

5 Approval of the Compensation Report

This compensation report provides comprehensive transparency with regard to the Company's general compensation principles and in particular to the compensation of Group Management and the Board of Directors. The Board of Directors took notice of the compensation report 2020 and approved it on the Board of Directors' meeting of February 25, 2021. It will be presented to the shareholders for consultative approval at the Annual General Meeting on March 31, 2021.

Report of the Statutory Auditor

To the General Meeting of COLTENE Holding AG, Altstätten
St. Gallen, February 25, 2021

Building a better working world

Report of the Statutory Auditor on the Remuneration Report

We have audited the remuneration report of COLTENE Holding AG for the year ended December 31, 2020. The audit was limited to the information according to articles 14–16 of the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance) contained in the tables in chapter 4 on pages 70 to 71 of the remuneration report.

Board of Directors' Responsibility

The Board of Directors is responsible for the preparation and overall fair presentation of the remuneration report in accordance with Swiss law and the Ordinance. The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.

Auditor's Responsibility

Our responsibility is to express an opinion on the remuneration report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the remuneration report complies with Swiss law and articles 14–16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the remuneration report with regard to compensation, loans and credits in accordance with articles 14–16 of the Ordinance. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements in the remuneration report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of remuneration, as well as assessing the overall presentation of the remuneration report.

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

Opinion

In our opinion, the remuneration report for the year ended December 31, 2020, of COLTENE Holding AG complies with Swiss law and articles 14–16 of the Ordinance.

Ernst & Young Ltd

Iwan Zimmermann
Licensed audit expert
(Auditor in charge)

Johannes Bachmann
Licensed audit expert

Dental Dam

A Must-Have Classic

Dental dams are elastic sheets used as a barrier to isolate the tooth from the surrounding oral cavity while it is undergoing a procedure. Dental dams have come into much more widespread use since the start of the pandemic. By significantly reducing exposure to airborne particles, dental dams provide an important safeguard to mitigate the risk of virus transmission.

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Consolidated Income Statement

In CHF 1000

	Ref.	2020	2019
Net sales	**1**	**248 352**	**273 828**
Other operating income		29	35
Changes in inventories of finished goods and work in progress		1 212	–656
Raw material and consumables used		–89 102	–85 399
Personnel expenses	2	–84 928	–98 244
Other operating expenses	4	–46 277	–51 456
Depreciation on tangible fixed assets	14	–5 395	–5 447
Amortization on intangible assets	16	–632	–653
Operating profit (EBIT)		**23 259**	**32 008**
Financial income and expenses	5	–5 231	–3 868
Net profit before tax		**18 028**	**28 140**
Income taxes	6	–9 796	–8 109
Net profit for the period	**8**	**8 232**	**20 031**
Earnings per share	8	CHF 1.38	CHF 3.35
Diluted earnings per share	8	CHF 1.38	CHF 3.35

The consolidated financial statements have been prepared in accordance with Swiss GAAP FER.
The notes are part of COLTENE Group financial statements.

Consolidated Balance Sheet

In CHF 1000

	Ref.	31.12.2020	31.12.2019
Cash and cash equivalents		38 473	22 964
Trade accounts receivable	9	40 709	49 023
Prepaid expenses and deferred income	12	1 251	2 158
Other short-term receivables	11	3 147	5 001
Inventories	13	52 000	59 198
Current assets		**135 580**	**138 344**
Tangible fixed assets	14	47 235	47 453
Financial assets	10	355	390
Intangible assets	16	3 595	2 397
Deferred tax assets	7	866	1 245
Non-current assets		**52 051**	**51 485**
Total assets		**187 631**	**189 829**
Short-term financial liabilities	18	59 962	59 286
Trade accounts payable	19	7 690	11 888
Other short-term liabilities	20	9 079	5 680
Short-term provisions	23	1 158	1 464
Accrued liabilities and deferred income	21	13 122	14 865
Current liabilities		**91 011**	**93 183**
Long-term financial liabilities	18	377	510
Deferred tax liabilities	7	3 107	2 465
Long-term provisions	3, 23	2 902	2 461
Non-current liabilities		**6 386**	**5 436**
Total liabilities		**97 397**	**98 619**
Share capital		598	598
Capital reserves		153 396	162 359
Treasury shares		–2	–1
Retained earnings		–63 758	–71 746
Total equity	**24**	**90 234**	**91 210**
Total liabilities and equity		**187 631**	**189 829**

The consolidated financial statements have been prepared in accordance with Swiss GAAP FER.
The notes are part of COLTENE Group financial statements.

Consolidated Cash Flow Statement

In CHF 1000

	Ref.	2020	2019
Net profit for the period		8 232	20 031
Depreciation of tangible fixed assets and amortization of intangible assets[1]	14, 16	10 885	6 100
Change in provisions not affecting the fund		221	831
Other expenses and income not affecting the fund		17 421	11 195
Change in trade accounts receivable		3 893	2 389
Change in inventories		2 175	–4 242
Change of other short-term receivables, prepaid expenses, and deferred income		–733	2 876
Change in trade accounts payable		–3 280	3 582
Change in other short-term liabilities, accrued liabilities, and deferred income		542	–7 261
Interest paid		–784	–781
Interest received		22	32
Income tax paid		–3 788	–10 967
Cash flow from operating activities		**34 806**	**23 785**
Purchase of tangible fixed assets		–7 393	–11 988
Proceeds from sale of tangible fixed assets		83	44
Purchase of intangible assets		–2 077	–1 310
Proceeds from sale of financial assets		0	70
Acquisitions and disposals (net of cash)		–1 129	110
Cash flow from investing activities		**–10 516**	**–13 074**
Proceeds from financial liabilities		30 753	18 482
Repayments of financial liabilities		-29 652	–9 211
Dividends paid to shareholders	24	–8 963	–17 924
Proceeds/purchase of treasury shares	24	–220	302
Cash flow from financing activities		**–8 082**	**–8 351**
Effect of exchange rate changes on cash		–699	–297
Change in cash and cash equivalents		**15 509**	**2 063**
Cash and cash equivalents at beginning of year		22 964	20 901
Cash and cash equivalents at end of year		38 473	22 964

[1] In 2020, depreciation and amortization include also the effect from recycling of goodwill related to the disposal of Vigodent SA. For further details, refer to note Acquisitions and Disposals on page 86.

The consolidated financial statements have been prepared in accordance with Swiss GAAP FER.
The notes are part of COLTENE Group financial statements.

Consolidated Statement of Changes in Equity

In CHF 1000	Ref.	Share capital	Capital reserves (Agio)	Treasury shares	Currency translation adjustments	Goodwill (offset)	Retained earnings	Total of retained earnings	Total equity
1.1.2019		**598**	**180 283**	**–303**	**–28**	**–230 380**	**138 031**	**–92 377**	**88 201**
Net profit of the period		0	0	0	0	0	20 031	20 031	20 031
Capital increase		0	0	0	0	0	0	0	0
Equity transaction costs		0	0	0	0	0	0	0	0
Acquisition of treasury shares		0	0	–8	0	0	0	0	–8
Disposal of treasury shares		0	0	310	0	0	0	0	310
Dividends	24	0	–17 924	0	0	0	0	0	–17 924
Foreign currency differences		0	0	0	600	0	0	600	600
Goodwill offset		0	0	0	0	0	0	0	0
31.12.2019		**598**	**162 359**	**–1**	**572**	**–230 380**	**158 062**	**–71 746**	**91 210**
Net profit of the period		0	0	0	0	0	8 232	8 232	8 232
Acquisition of treasury shares		0	0	–220	0	0	0	0	–220
Share-based compensation		0	0	219	0	0	–22	–22	197
Dividends	24	0	–8 963	0	0	0	0	0	–8 963
Foreign currency differences		0	0	0	–4 728	0	0	–4 728	–4 728
Changes in consolidation group		0	0	0	0	4 859	0	4 859	4 859
Goodwill offset		0	0	0	0	–353	0	–353	–353
31.12.2020		**598**	**153 396**	**–2**	**–4 156**	**–225 874**	**166 272**	**–63 758**	**90 234**

The consolidated financial statements have been prepared in accordance with Swiss GAAP FER.
The notes are part of COLTENE Group financial statements.

Notes to Group Financial Statements

General

The COLTENE Holding AG Board of Directors authorized these financial statements on February 25, 2021, for issue. The financial statements are subject to approval by the Annual General Meeting of Shareholders scheduled to take place on March 31, 2021.

Reporting Entity

COLTENE Holding AG, the holding company of the COLTENE Group ("the Group"), is a stock corporation according to the Swiss Code of Obligations. The Company's legal domicile is in Altstätten, Switzerland. COLTENE Holding AG was founded on December 15, 2005, and has been listed on SIX Swiss Exchange since June 23, 2006. The Group is active in the dental consumables and small dental equipment market.

Operating Segments and Products

The Group develops, manufactures, and sells mainly via distribution channels a broad and comprehensive range of disposables, tools, and equipment for dentists and dental laboratories.

Accounting Policies

Basis of Preparation

The Group financial statements are based on the individual financial statements of the Group companies. They have been prepared in accordance with all existing guidelines of Swiss GAAP FER (Swiss Accounting and Reporting Recommendations). The consolidated financial statements have been prepared under the historical cost convention unless otherwise stated in the following consolidation and accounting policies. The financial year-end date for COLTENE Holding AG, all subsidiaries and the Group financial statements is December 31. All amounts presented are denominated in CHF thousand (except otherwise noted). Swiss francs are the functional currency of the holding company as well as the presentation currency of the Group.

The preparation of financial statements requires the use of certain critical accounting estimates which could impact the assets, liabilities, and contingent liabilities at the balance sheet date as well as income and expenses of the reporting period. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. If subsequently such judgments and estimates made by management differ from the actual circumstances, the original judgments and estimates made are changed for the year in which the respective circumstances have occurred.

Scope and Principles of Consolidation

The investments in subsidiaries are included in the Group financial statements as follows:

- All subsidiaries that COLTENE controls are fully consolidated. Control is usually presumed where the Group directly or indirectly owns more than 50 % of the voting rights of the subsidiaries. All of the assets and liabilities as well as the income and expenses of these companies are fully included. Minority interests in the consolidated equity and net income are shown separately. All intercompany transactions and balances as well as intercompany profits in inventory and other assets are eliminated on consolidation.
- Those companies purchased during the reporting year are included in the consolidation as at the date on which control was effectively transferred. From the date of transfer of control all previously recognized assets and liabilities as well as contingent liabilities of the Company are valued initially at fair value. Companies that have been divested during the reporting year are included in the consolidated financial statements untill the date on which control ceased.
- Joint ventures and investments with voting rights between 20 % and 50 % are recognized using the equity method. They are recognized with the proportionate equity as per balance sheet date and reported under financial assets in the balance sheet and as equity investments in the notes. The proportionate share of net income is shown as income (expense) in the consolidated income statement.
- Capital consolidation is based on the purchase method (acquisition method). Acquisition costs comprise the consideration paid, including the proportion of the purchase price retained for contractual representations and warranties, transaction costs, and contingent consideration. The latter is recognized at fair value on the transaction date. The net assets acquired are revalued at the acquisition date and compared with the purchase price, only previously recognized assets are revalued. Any resulting goodwill is directly offset against equity. This approach is used for both positive and negative goodwill.

Foreign Currency Translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (functional currency). Transactions conducted in foreign currencies are converted into the functional currency at the exchange rate applicable on the transaction date and retranslated at year-end, e.g. accounts receivable and payable as well as loans in foreign currencies are shown at the year-end exchange rates. Gains and losses are reported in the income statement.

The statement of balance sheet and income statement of foreign subsidiaries are converted into Swiss francs (presentation currency) upon consolidation at the rate applicable at year-end respectively at the average exchange rate for the year. Differences resulting from the conversion into the Group presentation currency are recognized in equity. In the event of a sale of a subsidiary, foreign currency differences are taken into account as part of the gain or loss resulting from the sale.

The most important exchange rates are listed below:

The most important exchange rates

	31.12.2020	Ø 2020	31.12.2019	Ø 2019
1 USD	0.8803	0.9384	0.9662	0.9937
1 EUR	1.0802	1.0705	1.0854	1.1125
1 CAD	0.6910	0.7001	0.7435	0.7489

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits with banks and other short-term highly liquid investments with maturities of three months or less. Bank overdrafts are shown in current liabilities in the consolidated balance sheet.

Trade Accounts Receivable

Accounts receivable in respect of deliveries and services and other accounts receivable are generally due for settlement within 30 to 60 days and therefore are all classified as current. Trade receivables and other receivables are recognized initially at the amount of consideration that is unconditional. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at nominal value less impairment, if any. Indications for impairment are: substantial financial problems of the customer, a declaration of bankruptcy, or a material delay in payment.

Inventories

Inventories are stated at the lower of weighted average cost and net realizable value. The cost of finished goods and work in progress comprises design costs, raw material, direct labor, other direct costs, and related production overheads (based on normal operating capacity). It excludes borrowing costs. Early payment discounts are treated as a deduction of the purchase price.

Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Value adjustments are made for obsolete and slow-moving items.

Tangible Fixed Assets

Property, plant, and equipment are stated on the balance sheet at the purchased or manufactured cost less accumulated depreciation. Depreciation is charged using the straight-line method over the estimated useful lives of the related assets. Land is not depreciated.

Leases in which the Company holds all significant risks and rewards of ownership are classified as financial leases. The respective assets are carried as property, plant, and equipment and are depreciated. The corresponding lease obligations are shown as financial liabilities. Leasing installments are allocated accordingly to capital repayments and interest expenses.

Class	Years
Land	no depreciation
Buildings	40 to 50
Building fixtures	10 to 20
Machinery	5 to 12
Office equipment and furniture	5 to 10
Vehicles, means of transportations	5 to 8
IT hardware	3 to 5
Other tangible fixed assets	3 to 5

Intangible Assets

Intangible assets contain software, patents, and others. They are stated at historical costs less amortization on a straight-line basis over the useful life. Intangible assets are amortized over the following periods:

Class	Years
Licences	5 to 20
Patents and technical know-how	5 to 20
Software	3 to 5
Development cost	3 to 10
Other intangible assets	individually

Impairment of Assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and the value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows (cash-generating units). Assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date except for goodwill, where a previously recorded impairment is not reversed in subsequent periods.

Financial Assets

Financial assets include loans. They are valued at nominal values less any value adjustments.

Trade Accounts Payables, Financial Liabilities, and Other Liabilities

Trade payables, financial liabilities, and other liabilities are recognized at nominal value.

Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of resources which can be reliably estimated will be required to settle the obligation. Such provisions are made to cover assurance type warranties and liability claims. Provisions for restructuring measures are made as soon as the corresponding decision is taken and communicated.

Cash-outflow may differ from the amount provided for as it is based on assumptions and estimates available at that time.

Off-Balance-Sheet Transactions

Contingent liabilities originate from past transactions or events. The reliability of estimation and the probability of the outflow of resources do not meet the requirements to be recognized as provisions. If contingent liabilities lead to a probable outflow of resources and a reliable estimation of the outflow is possible, a corresponding provision will be recognized.

Employee Benefit Obligations

Within COLTENE Group, pension plans for employees exist in accordance with the applicable country regulations. The economic impact of these pension plans on COLTENE Group is determined annually. For Swiss pension plans, economic benefits and/or economic obligations are determined on the basis of the annual financial statement prepared in accordance with Swiss GAAP FER 26. For foreign plans, the economic impact is determined according to country-specific methods.

An economic benefit is capitalized if it is permissible and intended to use the surplus of the pension fund for the Company's future pension expense. An obligation from a pension plan is recognized when the conditions for the recognition of a provision are met. Existing employer contribution reserves are recognized as a financial asset. Changes in the economic benefit or the economic obligation are recognized in the income statement as personnel expenses.

Share-Based Payments
All members of the Board of Directors receive a fixed amount in shares with a blocking period of three years without any vesting conditions. Group Management receives a variable remuneration. Part of the variable remuneration is paid in shares with a blocking period of three years without any vesting conditions. The valuation of the shares takes place at the grant date, the related expense is recognized immediately in the income statement. For further details, see pages 62 to 72 in the compensation report.

Income Taxes
All taxes payable on income for the financial year are provided for in full at the reporting date and in compliance with the applicable tax laws. According to the liability method, deferred income tax on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Group financial statements at enacted or substantially enacted tax rates on the reporting date is provided in full.

Deferred income tax is determined using tax rates and laws that have been enacted or substantially enacted at the balance sheet date and are expected to apply when the related deferred income tax asset is realized or deferred income tax liability is settled.

Deferred tax assets are recognized to the extent that future taxable profit will be available to use tax losses carried forward and temporary differences.

Net Sales
COLTENE generates revenues mainly from sales of products. These revenues are recognized upon delivery to the customer. Revenue is recorded if risks and rewards of the sold products are transferred to the customer or, when the service has been performed, depending on the terms of the sales contract. Sales are shown as a net amount in the income statement. They represent the total value of invoices to third parties reduced by sales taxes, credits for returns, and reductions of revenue (primarily rebates and discounts).

Repair and Maintenance Costs
Repair and maintenance costs (included in other operating expenses) are recognized in the income statement when they occur.

Research and Development
Research costs are expensed in other operating expenses as incurred. Development costs are capitalized if they can be determined reliably and if it can be safely assumed that the project in question will be completed successfully and result in future benefits. Development costs capitalized are amortized on a straight-line basis over a maximum period of ten years.

Earnings per Share
Earnings per share are calculated by dividing the profit attributable to shareholders of the Group by the weighted average number of shares issued during the year excluding shares purchased by the Group and held as treasury shares.

Dividend and Capital Distribution
Dividend distribution to the Company's shareholders is recognized as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders, until paid out.

Acquisitions and Disposals

There were no significant acquisitions in the reporting year or the previous year.

On December 31, 2020, 100 % of the shares of Vigodent SA, the Group's manufacturing plant in Brazil, were sold to local entrepreneurs. The proceeds from the sale were TCHF 1. Net assets sold amounted to TCHF 4806. The disposal resulted in a loss of TCHF 11 681. Thereof TCHF 8846 were reported within other operating expenses and TCHF 2835 in the financial result. Equity was impacted by TCHF 3987.

Disposal of Vigodent SA

In CHF 1000

Net assets Vigodent SA	**4 806**
Effect from recycling of goodwill and currency translation adjustments[1]	4 021
Recycling of currency translation differences from the revaluation of equity loans[2]	2 835
Costs incurred in connection with the disposal	20
Less proceeds received	–1
Result from disposal of Vigodent SA	**11 681**

[1] For details regarding theoretical goodwill refer to note 17.
[2] Currency translation differences arising on equity loans of Vigodent SA were previously reclassified from the financial result to equity as per Group Accounting Manual. In the course of the disposal of Vigodent SA, these currency translation differences on equity loans have been reclassified back to the financial result.

Significant Estimates and Judgments

The Group makes judgments and estimates concerning the future. The resulting accounting estimates therefore may not correspond to the actual results.

1 Group-Wide Information

Net Sales from Contracts with Customers

The Group derives revenue from the transfer of goods and services at a point in time in the following major geographical regions and product lines:

Net sales by geographical regions

In CHF 1000	**2020**	**2019**
EMEA	81 812	98 252
North America	127 681	124 836
Latin America	11 333	18 089
Asia/Oceania	27 526	32 651
Net sales	**248 352**	**273 828**

Net sales by products and services

In CHF 1000	**2020**	**2019**
Infection Control	94 128	73 646
Dental Preservation	66 369	86 968
Efficient Treatment	87 855	113 214
Net sales	**248 352**	**273 828**

Net sales of TCHF 50 173 (previous year TCHF 58 825) corresponding to 20.2 % of Group net sales (previous year 21.5 %) were generated with one large distribution group. No other major customers exist.

In accordance with Swiss GAAP FER 31, the COLTENE Group has decided not to disclose detailed segment revenue. The disclosure of segment results would lead to considerable competitive disadvantages. COLTENE justifies its decision based on the following considerations:

- The main competitors of the COLTENE Group do not disclose segment results because they are either non-public companies or the dental businesses of large public companies are far too small for the disclosure of their sales or results. COLTENE would be the only player in the market providing such detailed information.
- The disclosure of segment information of the COLTENE Group would provide detailed information on margins, profitability of product groups, etc.
- Disclosing segment information would also provide information on product cost structures and pricing to competitors.

2 Personnel Expenses

The average workforce amounted to 1304 employees (previous year 1395). As per year-end 2020, 1189 FTEs were employed (2019: 1414 FTEs). Detailed information on personnel expenses:

Personnel expenses

In CHF 1000	2020	2019
Wages and salaries	71 894	81 216
Other personnel expenses	13 034	17 028
Total	**84 928**	**98 244**

Personnel expenses include TCHF 326 (previous year TCHF 310) for share-based payment transactions with the Board of Directors and Group Management.

In 2020, COLTENE Group was entitled to short-time work compensation of TCHF 3806 (previous year TCHF 0). Personnel expenses are presented net of such compensations.

3 Pension Liabilities

To complement the benefits provided by state-regulated pension schemes, COLTENE maintains additional employee pension plans for a number of subsidiaries. In accordance with local statutory requirements, COLTENE has no obligations to these pension plans beyond the amounts recognized as liabilities in the balance sheet and beyond the regulatory contributions and any recapitalization contributions that may become necessary.

The employee benefits expenditure stated only comprises contributions made to the benefit schemes at the expense of the Company. The pension plans with surplus cover are related to the staff pension scheme of Coltène/Whaledent AG in Switzerland. At December 31, 2020, the coverage rate amounted to 113.6 % for the pension schemes in Switzerland.

Plan description (Switzerland)

Pension plans are regulated by the Swiss Federal Law on Occupational Retirement, Survivors' and Disability Pension Plans (LPP/BVG). The pension solution adopted for employees in Switzerland is affiliated to legally independent collective foundations or occupational benefits solutions offered by insurance companies. Plan participants are insured against the financial consequences of old age, disability, and death. The benefits are financed through regular employer and employee contributions. Emloyees in Switzerland are members of a multi-employer pension institution (Sammelstiftungsanschluss). The most senior governing body of the pension plan is the Board of Trustees, which consists of an equal number of employer and employee representatives.

Plan description (France)

Pension plans are regulated by French Law on general social security scheme (RGSS). The main post-employment defined benefit plans as adopted for the French companies concern the retirement termination benefits. Employee benefits for retirement bonuses and the agreement are based on the rights accumulated at the balance sheet date, according to the scale set out in the collective agreement or the Company-wide agreement.

Economic benefit/economic obligation and pension benefit expenses

	Surplus/ deficit	Financial share of the organization		Change vs. prior year	Contributions in the period	Pension benefit expense as part of personnel expense	
In CHF 1000	**31.12.2020**	**31.12.2020**	**31.12.2019**	**2020**	**2020**	**2020**	**2019**
Pension funds without surplus/deficit	0	0	0	0	2 216	2 216	2 218
Pension funds without own assets	0	1 041	1 070	–29	20	–9	163
Total	**0**	**1 041**	**1 070**	**–29**	**2 236**	**2 207**	**2 381**

4 Other Operating Expenses

Other operating expenses

In CHF 1000	2020	2019
Production expenses	9 035	9 601
Marketing	7 077	13 101
Consulting	3 784	5 179
Selling and administration expenses	17 535	23 273
Other expenses[1]	8 846	302
Total	**46 277**	**51 456**

[1] In 2020, other expenses comprise the effects of the sale of Vigodent SA of TCHF 8846. For further details, refer to note Acquisitions and Disposals on page 86.

In 2020, TCHF 9465 (previous year TCHF 10 894) were spent on research and development and recorded as an expense in the income statement.

5 Financial Income and Expenses

Financial results

In CHF 1000	2020	2019
Interest income on cash and cash equivalents	22	32
Exchange rate differences and other financial income	6	170
Total financial income	**28**	**202**
Interest expenses for bank overdrafts and loans	–795	–781
Exchange rate differences and other financial expenses[1]	–4 464	–3 289
Total financial expenses	**–5 259**	**–4 070**
Total financial result	**–5 231**	**–3 868**

[1] In 2020, exchange rate differences and other financial expenses include effects from recycling of currency translation differences of TCHF 2835 that arose on equity loans of Vigodent SA. For further details, refer to note Acquisitions and Disposals on page 86.

6 Tax Expenses

Tax expenses comprise the following positions:

Tax expenses

In CHF 1000	2020	2019
Current taxes	8 324	7 141
Deferred taxes	1 472	968
Total	**9 796**	**8 109**

Tax expenses can be analyzed as follows:

Tax expenses

In CHF 1000	2020	2019
Net profit before tax expenses	18 028	28 140
Tax expenses at applicable tax rate of 29.0 % (22.2 %)	5 228	6 242
Effects of non-tax-deductible expenses	240	623
Effects of tax-exempt income/ income taxed at another rate	–369	–304
Effects of tax loss not capitalized in current year	3 990	716
Effects of tax loss used not capitalized in prior years	–193	0
Effects of change in tax rate on deferred taxes	256	–129
Effects of revaluation of DTAs	25	108
Tax adjustments prior years	378	–106
Withholding tax not refundable	468	869
Other impacts	–227	90
Actual tax expense	**9 796**	**8 109**
Effective tax rate in %	54.3 %	28.8 %

The applicable tax rate represents a weighted average rate based on all Group companies. Compared to last year, the applicable tax rate increased from 22.2 % to 29.0 %. This increase is mainly due to the weighting of earnings of entities with higher tax rates.

Tax expenses of TCHF 9 796 represent an effective tax rate of 54.3 % (previous year 28.8 %) of net profit before tax. For 2020, the difference between applicable and effective tax rate relates largely to effects from losses that do not qualify for future tax benefits. These losses are mainly related to effects from the disposal of Vigodent SA and from losses incurred in Group companies in Brazil and India.

The Group has the following tax-relevant losses to be carried forward:

Tax losses

In CHF 1000	2020	2019
Tax losses capitalized		
Expiration between 1 and 5 years	223	336
Expiration over 5 years	1 546	496
Total	**1 769**	**832**
Deferred tax assets of capitalized tax losses		
Expiration between 1 and 5 years	69	104
Expiration over 5 years	207	121
Total	**276**	**225**
Tax losses not capitalized		
Expiration between 1 and 5 years	0	0
Expiration over 5 years	13 595	20 050
Total	**13 595**	**20 050**
Estimated tax effect of not capitalized tax losses		
Expiration between 1 and 5 years	0	0
Expiration over 5 years	2 999	6 337
Total	**2 999**	**6 337**

Tax losses capitalized in 2020 are largely attributable to a Group company in Switzerland. Tax losses not capitalized are mainly attributable to Germany. The balance of tax losses not capitalized decreased due to the disposal of the Group company in Brazil. It is not probable that these losses can be utilized and were therefore not capitalized in accordance with Group policy.

7 Deferred Taxes

Deferred tax assets and liabilities are based on the valuation differences between Group valuation and tax valuation in the following financial position. For the calculation of deferred income taxes in the consolidated balance sheet, the expected tax rate per tax subject is applied.

Deferred tax details

In CHF 1000	2020		2019	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Receivables and accruals	259	334	166	256
Inventories	1 387	353	1 763	396
Property, plant, and equipment	0	2 608	0	2 366
Intangible assets	130	49	0	46
Provisions	255	48	591	71
Deferred taxes from losses carried forward	276	0	225	0
Deferred taxes on equity reserves	0	1 156	0	830
Offset of deferred assets and liabilities	–1 441	–1 441	–1 500	–1 500
Total	**866**	**3 107**	**1 245**	**2 465**

8 Earnings per Share

Net profit amounts to TCHF 8232 (previous year TCHF 20 031). Earnings per share (EPS) are calculated as follows:

Earnings per share

	2020	2019
Weighted number of shares issued at 31.12.[1]	5 975 354	5 974 802
Earnings per share (based on net profit for the period)	CHF 1.38	CHF 3.35
Diluted earnings per share (based on net profit for the period)	CHF 1.38	CHF 3.35

[1] The weighted average number of shares takes into account the weighted average effect of changes in treasury share transactions.

9 Trade Accounts Receivable

Trade accounts receivable

In CHF 1000	2020	2019
Trade accounts receivable from third parties (gross)	41 530	50 126
Allowance	–821	–1 103
Total trade accounts receivable (net)	**40 709**	**49 023**

Trade accounts receivable (gross) by maturity

In CHF 1000	2020	2019
Not due	31 308	35 852
Past due 1 to 30 days	6 474	8 987
Past due 31 to 60 days	1 304	1 869
Past due 61 to 90 days	754	345
Past due 91 to 120 days	152	361
Past due over 120 days	1 538	2 712
Total	**41 530**	**50 126**

Trade accounts receivable by maturity including allowance

In CHF 1000	2020	2019
Not due	31 085	35 615
Past due 1 to 30 days	6 448	8 976
Past due 31 to 60 days	1 295	1 867
Past due 61 to 90 days	749	332
Past due 91 to 120 days	145	338
Past due over 120 days	987	1 895
Total	**40 709**	**49 023**

As per December 31, 2020, no trade accounts receivable are pledged (previous year also none).

10 Financial Assets

Financial assets

In CHF 1000	2020	2019
Loans to third parties	355	390
Total financial assets	**355**	**390**

11 Other Short-Term Receivables

Other short-term receivables

In CHF 1000	2020	2019
Net VAT/Tax receivables	1 327	3 600
Wage and T&E expenses advances	107	112
Prepayments for suppliers	174	432
Deposits	355	485
Other short-term receivables	1 184	372
Total	**3 147**	**5 001**

12 Prepaid Expenses and Deferred Income

Prepaid expenses and deferred income

In CHF 1000	2020	2019
Prepaid personnel expenses	83	53
Prepaid insurance costs	97	241
Prepaid license fees	468	351
Prepaid exhibition and marketing expenses	111	726
Other prepaid expenses and deferred income	492	787
Total	**1 251**	**2 158**

13 Inventories

Inventories are as follows:

Inventories (net)

In CHF 1000	2020	2019
Raw materials	21 734	24 561
Work in progress	10 962	13 713
Finished goods	19 774	19 596
Trade merchandise	9 905	10 654
Prepayments to suppliers	656	880
Total inventories gross	**63 031**	**69 404**
Allowances	–11 031	–10 206
Total inventories net	**52 000**	**59 198**

No inventories are pledged as of December 31, 2020 and 2019.

14 Tangible Fixed Assets

Gross values

In CHF 1000	Machinery and equipment	Land	Buildings (incl. inst.)	Assets under construction	Total
Value 31.12.2018	**49 801**	**4 185**	**46 365**	**11 893**	**112 244**
Additions	3 202	0	5 756	2 382	11 340
Disposals	–3 000	0	–1 504	–25	–4 529
Currency effects	–909	–26	–583	–61	–1 579
Reclassification	1 127	–877	11 222	–11 471	1
Value 31.12.2019	**50 221**	**3 282**	**61 256**	**2 718**	**117 477**
Change in consolidation scope	–887	–95	–1 110	0	–2 092
Additions	2 660	311	1 689	2 918	7 578
Disposals	–1 102	0	–577	–28	–1 707
Currency effects	–2 564	–44	–1 706	–125	–4 439
Reclassification	1 546	35	1 573	–2 973	181
Value 31.12.2020	**49 874**	**3 489**	**61 125**	**2 510**	**116 998**

Accumulated depreciation

In CHF 1000	Machinery and equipment	Land	Buildings (incl. inst.)	Assets under construction	Total
Value 31.12.2018	**39 020**	**879**	**29 893**	**0**	**69 792**
Depreciation	2 843	0	2 604	0	5 447
Disposals	–2 815	0	–1 383	0	–4 198
Currency effects	–686	8	–339	0	–1 017
Reclassification	–41	–866	907	0	0
Value 31.12.2019	**38 321**	**21**	**31 682**	**0**	**70 024**
Change in consolidation scope	–665	0	–437	0	–1 102
Depreciation	2 709	8	2 678	0	5 395
Disposals	–1 102	0	–550	0	–1 652
Currency effects	–1 942	0	–940	0	–2 882
Reclassification	–669	31	618	0	–20
Value 31.12.2020	**36 652**	**60**	**33 051**	**0**	**69 763**

Net values

In CHF 1000	Machinery and equipment	Land	Buildings (incl. inst.)	Assets under construction	Total
Value 31.12.2019	11 900	3 261	29 574	2 718	47 453
Thereof in finance lease value 31.12.2019	615	0	0	0	615
Value 31.12.2020	**13 222**	**3 429**	**28 074**	**2 510**	**47 235**
Thereof in finance lease value as of 31.12.2020	**452**	**0**	**0**	**0**	**452**

Contractual Commitments

As per December 31, 2020, no significant contractual commitments to acquire fixed assets were entered into apart from short-term commitments assumed in the normal course of business.

Finance Lease

The carrying value of plant and machinery held under finance leases and hire purchase contracts at December 31, 2020, was TCHF 452. Leased assets and assets under hire purchase contracts are pledged as security for the related finance lease and hire purchase liabilities.

Pledged Assets

No other property, plant, and equipment are pledged as of December 31, 2020 and 2019.

15 Operating Leasing

Operating leasing and rental commitments not recognized in the balance sheet are as follows:

Leasing

In CHF 1000	2020	2019
Not later than 1 year	2 493	2 622
1 to 5 years	6 112	8 434
Later than 5 years	1 335	2 115
Total	**9 940**	**13 171**
Total later than 1 year	**7 447**	**10 549**

For 2020, lease expenses amounted to TCHF 3489 (previous year TCHF 3882).

16 Intangible Assets

Gross values

In CHF 1000	Software	Patents and technical know-how	Licences	Trademarks and publishing rights	Development cost[1]	Other intangible assets	Total
Value 31.12.2019	**8 430**	**263**	**292**	**277**	**1 833**	**236**	**11 331**
Additions	1 115	0	0	0	997	0	2 112
Disposal	–57	–33	0	0	0	0	–90
Currency effects	–36	–28	–27	–25	–129	–3	–248
Reclassification	138	0	–87	0	–220	0	–169
Value 31.12.2020	**9 590**	**202**	**178**	**252**	**2 481**	**233**	**12 936**

Accumulated amortization

In CHF 1000	Software	Patents and technical know-how	Licences	Trademarks and publishing rights	Development cost	Other intangible assets	Total
Value 31.12.2019	**7 456**	**223**	**286**	**223**	**510**	**236**	**8 934**
Amortization	375	13	0	24	217	3	632
Disposal	–56	–19	0	0	0	0	–75
Currency effects	–27	–42	–26	–18	–34	–6	–153
Reclassification	110	–25	–82	0	0	0	3
Value 31.12.2020	**7 858**	**150**	**178**	**229**	**693**	**233**	**9 341**

Net values

In CHF 1000	Software	Patents and technical know-how	Licences	Trademarks and publishing rights	Development cost	Other intangible assets	Total
Value 31.12.2019	974	40	6	54	1 323	0	2 397
Value 31.12.2020	**1 732**	**52**	**0**	**23**	**1 788**	**0**	**3 595**

[1] Development cost charged from third parties.

No impairment was recognized for the periods presented.

17 Theoretical Goodwill

The goodwill of a purchased consolidated company is offset with equity at the date of the acquisition. The theoretical amortization of the goodwill is over the useful life of five years. A theoretical capitalization of the goodwill would have the following impact on the consolidated financial statements:

Theoretical goodwill

In CHF 1000	2020	2019
Value as of 1.1.	**230 380**	**230 380**
Additions from acquisitions	353	0
Disposals[1]	–4 859	0
Cost (gross) as of 31.12.	**225 874**	**230 380**
Accumulated translation adjustments	–16 102	–3 671
Value as of 31.12.	**209 772**	**226 709**

In CHF 1000	2020	2019
Accumulated amortization as of 1.1.	**–85 905**	**–47 908**
Amortization	–38 038	–37 997
Disposal	4 859	0
Accumulated amortization as of 31.12.	**–119 084**	**–85 905**

Theoretical book values net

In CHF 1000	2020	2019
As of 1.1.	140 804	174 468
As of 31.12.	90 688	140 804

Effect on income statement

In CHF 1000	2020	2019
Net profit	**8 232**	**20 031**
Amortization of goodwill	–38 038	–37 997
Theoretical net profit/loss(–) incl. amortization of goodwill	–29 806	–17 966

Theoretical book values net

In CHF 1000	2020	2019
Equity according to balance sheet	**90 234**	**91 210**
Theoretical capitalization of net book value of goodwill	90 688	140 804
Theoretical equity incl. net book value of goodwill	180 922	232 014

[1] Changes in theoretical goodwill from disposals refer to page 86.

18 Financial Liabilities

The following tables show details of current bank loans as well as of non-current bank loans. Book values represent nominal values.

Financial liabilities

In CHF 1000	2020	2019
Bank loans	59 771	59 005
Leasing liabilities	191	281
Total current financial liabilities	**59 962**	**59 286**
Bank loans	93	153
Leasing liabilities	284	357
Total non-current financial liabilities	**377**	**510**
Total financial liabilities	**60 339**	**59 796**

Remaining life of leasing liabilities

In CHF 1000	2020	2019
<1 year	191	281
1–5 years	284	357
Total leasing liabilities	**475**	**638**

Current bank loans

In CHF 1000

Maturity		Currency	Interest rate	2020
29.01.2021	unsecured	USD	1.10 %	880
18.03.2021	unsecured	USD	1.17 %	880
31.03.2021	unsecured	USD	1.07 %	1 320
02.04.2021	unsecured	USD	1.08 %	1 012
30.04.2021	unsecured	USD	1.09 %	617
31.03.2021	unsecured	USD	1.02 %	617
08.01.2021	unsecured	CHF	0.80 %	50 000
10.07.2021	unsecured	EUR	1.35 %	3
31.12.2021	unsecured	EUR	0.70 %	32
31.12.2021	unsecured	EUR	0.30 %	54
20.07.2021	unsecured	EUR	1.35 %	35
10.07.2021	unsecured	EUR	0.00 %	4 321
Total				**59 771**

Non-current bank loans

In CHF 1000

Maturity		Currency	Interest rate	2020
13.06.2022	unsecured	EUR	0.70 %	33
17.07.2022	unsecured	EUR	0.30 %	58
20.07.2022	unsecured	EUR	1.35 %	2
Total				**93**

Current bank loans

In CHF 1000				
Maturity		**Currency**	**Interest rate**	**2019**
29.01.2020	unsecured	USD	2.56 %	2 417
19.02.2020	unsecured	USD	2.54 %	966
31.01.2020	unsecured	USD	2.65 %	1 449
03.02.2020	unsecured	USD	2.65 %	1 111
31.01.2020	unsecured	USD	2.60 %	676
29.01.2020	unsecured	USD	2.82 %	676
31.01.2020	unsecured	BRL	2.35 %	48
31.01.2020	unsecured	BRL	2.40 %	12
06.03.2020	unsecured	CHF	0.70 %	50 000
06.01.2020	unsecured	CHF	0.72 %	1 500
01.07.2020	unsecured	EUR	1.35 %	18
31.12.2020	unsecured	EUR	0.70 %	32
31.12.2020	unsecured	EUR	0.30 %	54
31.12.2020	unsecured	EUR	1.35 %	36
31.03.2020	unsecured	EUR	0.00 %	10
Total				**59 005**

Non-current bank loans

In CHF 1000				
Maturity		**Currency**	**Interest rate**	**2019**
13.06.2022	unsecured	EUR	0.70 %	49
17.07.2022	unsecured	EUR	0.30 %	83
20.07.2021	unsecured	EUR	1.35 %	21
Total				**153**

Total uncommitted credit lines amount to TCHF 163 628 (previous year TCHF 150 811) of which 37 % are used (previous year 39 %). Covenants exist for selected bank loans. Covenants were met for both periods.

Total committed credit lines amount to TCHF 75 000 (previous year 75 000) of which TCHF 50 000 are used (previous year 50 000). Convenants were met for both periods.

A Group company in France has drawn a COVID-19 credit of EUR 4.0 million (secured by the state). The loan bears interest at 0.0 %. The company intends to repay the COVID-19 loan in 2021. For the duration of the drawdown of the COVID-19 loan, the Group company in France may not distribute dividends.

The Group intends to repay the bank loans of TCHF 59 771 within less than twelve months and to finance cash needs by renewing existing bank loans and by additional bank loans out of existing credit lines.

19 Trade Accounts Payable

Trade accounts payable

In CHF 1000	2020	2019
Trade accounts payable from third parties	7 690	11 888
Total trade accounts receivable (net)	**7 690**	**11 888**

All accounts payable to suppliers fall due and will be paid within 120 days.

20 Other Short-Term Liabilities

Other short-term liabilities

In CHF 1000	2020	2019
Net VAT obligations	429	1 271
Current income tax obligations	4 259	1 185
Prepayments from customers	614	271
Reclassification of accounts receivables	696	713
Other short-term liabilities	3 081	2 240
Total	**9 079**	**5 680**

21 Accrued Liabilities and Deferred Income

Accrued liabilities and deferred income

In CHF 1000	2020	2019
Accrued bonus, vacations, payroll taxes	5 437	6 608
Accrued sales bonus	1 471	1 586
Accrued social security	1 175	937
Accrued outstanding invoices	215	894
Other accrued liabilities and deferred income	4 824	4 840
Total	**13 122**	**14 865**

22 Derivative Financial Instruments

Derivative financial instruments

	Market value 2020		Market value 2019	
In CHF 1000	**Negative**	**Positive**	**Negative**	**Positive**
Currency-related instruments				
Fair value (included in other accounts payable and accruals)	0	0	–19	39

Forward exchange rate contracts by currencies	**2020**	**2019**
EUR	0	6 305
GBP	0	–386
USD	0	871

The tables show the contract or underlying principal amounts and fair values of derivative financial instruments analyzed by type of contract at December 31, 2020 and 2019. The fair values are determined by reference to market prices or standard pricing models that used observable market inputs at December 31, 2020 and 2019.

23 Provisions

The column "Provision for guarantees, and other provisions" mainly contains provisions for estimated guarantees for product repairs or product replacement based on past experience for guarantee claims that cannot be insured and are based on the assessment of specific cases. The column "Provision for legal cases" covers the risk of litigation and employment contract termination benefits. For short-term provisions, a capital outflow is expected within one year. A capital outflow from long-term provisions is expected in the next one to five years.

Provisions are as follows:

Provisions

In CHF 1000	Provision for guarantees, and other provisions	Provision for employee benefit obligations	Provision for legal cases	Total
31.12.2018	**1 877**	**957**	**378**	**3 212**
Additions	766	252	134	1 152
Reversals	–57	–101	–55	–213
Used	–108	0	0	–108
Currency effects	–73	–38	–7	–118
Reclassification	162	0	–162	0
31.12.2019	**2 567**	**1 070**	**288**	**3 925**
Additions	564	45	344	953
Reversals	–167	–59	–298	–524
Used	–66	–10	–126	–202
Currency effects	–64	–5	–23	–92
Reclassification	–513	0	513	0
31.12.2020	**2 321**	**1 041**	**698**	**4 060**

Provision by maturity

In CHF 1000	Provision for guarantees, and other provisions	Provision for employee benefit obligations	Provision for legal cases	Total
Short-term provisions	1 228	0	236	1 464
Long-term provisions	1 339	1 070	52	2 461
31.12.2019	**2 567**	**1 070**	**288**	**3 925**
Short-term provisions	677	0	481	1 158
Long-term provisions	1 644	1 041	217	2 902
31.12.2020	**2 321**	**1 041**	**698**	**4 060**

24 Equity

The share capital represents the capital of COLTENE Holding AG. Treasury stock on December 31, 2020, included 19 shares (previous year 14).

Treasury shares

in CHF	2020		
	Number	Transaction price (Ø)	Acquisition costs
As of 1.1.	14	93.36	1 307
Acquisitions	2 500	87.87	219 679
Disposals	0	0.00	0
Share-based compensation	–2 495	79.04	–219 286
As of 31.12.	19	89.46	1 700

in CHF	2019		
	Number	Transaction price (Ø)	Acquisition costs
As of 1.1.	3 265	92.90	303 324
Acquisitions	80	99.10	7 928
Disposals	0	0.00	0
Share-based compensation	–3 331	93.94	–309 944
As of 31.12.	14	93.36	1 307

The outstanding capital consists of 5 975 580 (previous year 5 975 580) registered shares of CHF 0.10 (previous year CHF 0.10) par value per share. All shares are issued and fully paid. There is no conditional or authorized capital.

The distribution of CHF 3.00 per share will be proposed to the General Meeting on March 31, 2021.

The non-distributable reserves in group equity amounted to TCHF 1509 as at December 31, 2020.

Based on the General Meeting decision on April 2, 2020, the Company paid out from capital contribution reserves CHF 1.50 (previous year CHF 3.00 paid out from capital contribution reserves) per share to its shareholders on April 8, 2020. The total amount paid was TCHF 8963 (previous year TCHF 17 924).

25 Transactions with Related Parties

Related parties (persons and companies) are Board members, members of Group Management, pension funds, important shareholders and companies controlled by them. Transactions with related parties are generally conducted based on usual market conditions.

Relationships with Related Parties

General Disclosures

Group Management

In the reporting period and the prior year period, the members of Group Management received no other payments or remuneration except the ordinary remuneration as explained in the compensation report on pages 62 to 72 and in the notes to the closing of COLTENE Holding AG on page 106. In the years under review, the members of Group Management and related persons did not receive any other compensation for additional services for COLTENE Holding AG or one of its subsidiaries.

Board of Directors

In the reporting period and the prior year period, the members of the Board of Directors received no other payments and remuneration except the ordinary remuneration as explained in the compensation report on pages 62 to 72 and in the notes to the closing of COLTENE Holding AG on page 106. All Board members are non-executive and have no material business interest with the COLTENE Group. In 2020, the law firm Lenz & Staehelin, Zürich, where Astrid Waser is partner, received CHF 27 000 (2019: CHF 13 000). Lenz & Staehelin acted as an advisor to the Board of Directors and Group Management.

In the years under review, the members of the Board of Directors and related persons did not receive any compensation for additional services for COLTENE Holding AG or one of its subsidiaries.

Loans to Directors and Group Management
In the years under review, COLTENE Holding AG or its subsidiaries did not grant any loans, credits, guarantees, or advances to the members of the Board of Directors, Group Management, or related persons to them.

Pension funds
Depending on the local legislation in the countries of the COLTENE Group companies, various pension schemes are in place. In the periods under review, there were no extraordinary transactions between the pension funds and the related Group companies except the payments of the ordinary annual contributions.

Tax claim
A tax audit conducted in 2019 at Micro-Mega SA led to a tax liability from the years prior to the acquisition by COLTENE. The sellers of Micro-Mega are liable for this tax liability. Therefore Coltène/Whaledent AG (buyer of Micro-Mega) booked a claim against the sellers of which one is a major shareholder of COLTENE Holding AG in the amount of TCHF 372 in 2019.

Business Relationships with Related Parties
Business transactions with other related parties in the year under review and the prior year were as follows:

Rent of production, warehouse and office buildings
The COLTENE Group rented production, warehouse and office space from companies that are controlled by a major shareholder of COLTENE Holding AG. The rent includes also additional services provided by the lessor, such as accounting and administrative services.

In CHF 1000	2020	2019
Rent of production and office buildings	841	1 002

The conditions of the leasing contracts are based on usual market conditions. The rental agreement for the production and office building in Toronto ends on December 31, 2026. The total duration is ten years and the annual rent will increase in average by 2.1 % until the expiry of the rental agreement.

Loans
In 2019, a COLTENE Group company paid back a loan to a company held by a major shareholder of COLTENE Holding AG. The interest paid was the same that the receiving company paid for the same loan from a bank. Therefore, the conditions were at arm's length.

In CHF 1000	2020	2019
Interest paid	0	28
Loan repayments	0	4 094
Loan balance due at the end of the reporting period	0	0

Suppliers
A COLTENE Group company maintains a business relationship with a company held by a major shareholder of COLTENE Holding AG. COLTENE buys parts from the respective supplier at market conditions that other suppliers can provide also.

In CHF 1000	2020	2019
Annual purchase value	3 096	2 619
Payables	157	17

26 Subsequent Events
As per the release date of this Annual Report, the Board of Directors and the Executive Management were not aware of any further important events subsequent to the reporting date.

27 Group Companies

Company	Activity	Currencies	Registered capital	Group ownership 2020	Group ownership 2019	Consolidation principles[5]
COLTENE Holding AG, Altstätten CH	4	CHF	597 558	n.a.	n.a.	F
Coltène/Whaledent AG, Altstätten CH	1	CHF	1 600 000	100 %	100 %	F
Coltène/Whaledent Vertriebsservice und Marketing GmbH, Altstätten CH	2	CHF	20 000	100 %	100 %	F
Coltène/Whaledent GmbH + Co. KG, Langenau DE	1	EUR	1 850 000	100 %	100 %	F
Dentalia Kft., Bicske HU	1	HUF	3 000 000	100 %	100 %	F
ROEKO Verwaltungs GmbH, Langenau DE	4	EUR	30 000	100 %	100 %	F
Coltène/Whaledent Ltd., Burgess Hill GB	2	GBP	200 000	100 %	100 %	F
Coltène/Whaledent S.à.r.l., Lezennes FR	2	EUR	503 000	100 %	100 %	F
Coltène Italy S.r.l., Milano IT	2	EUR	10 000	100 %	100 %	F
Coltène Iberia S.L., Madrid ES	2	EUR	10 000	100 %	100 %	F
Coltene Turkey Diş Sağlığı Ürünleri Ltd. Şti, Istanbul TR	2	TRY	20 000	100 %	100 %	F
Coltène/Whaledent Dental Materials & Equipment Trading Co. Ltd, Beijing CN	3	CNY	10 000 000	100 %	100 %	F
Coltène/Whaledent Private Limited, Mumbai IN	3	INR	64 800 000	100 %	100 %	F
Coltene Japan LLC, Tokyo JP	3	JPY	1 400 000	100 %	100 %	F
Coltene Australia Pty Ltd., Sydney AU	3	AUD	15 000	100 %	100 %	F
DentalDrives GmbH, Leutkirch DE	4	EUR	100 000	100 %	100 %	F
Micro-Mega International, Besançon FR	4	EUR	419 700	100 %	100 %	F
Micro-Mega SA, Besançon FR	1	EUR	2 900 000	100 %	100 %	F
Coltène/Whaledent Inc., Cuyahoga Falls US	1	USD	8 400 000	100 %	100 %	F
Diatech Inc., Mount Pleasant US	3	USD	100 000	100 %	100 %	F
SciCan Inc., Canonsburg US	6	USD	100	0 %	100 %	F
Vigodent SA Indústria e Comércio, Rio de Janeiro BR	7	BRL	54 677 752	0 %	100 %	F
Coltene do Brasil Ltda, Rio de Janeiro BR	2	BRL	10 000	100 %	0 %	F
Kenda AG, Vaduz FL	1	CHF	50 000	100 %	100 %	F
SciCan Medtech AG, Zug CH	3	CHF	100 000	100 %	100 %	F
SciCan Ltd., Toronto CAN	1	CAD	729	100 %	100 %	F
SciCan GmbH, Leutkirch DE	3	EUR	25 564	100 %	100 %	F
SciCan Real Estate, Leutkirch DE	6	EUR	25 564	0 %	100 %	F

[1] Production and sales of dental specialities
[2] Sales services and marketing of dental specialities
[3] Sales of dental specialities
[4] Holding company
[5] F = Full consolidation
[6] Company dissolved or merged in 2020
[7] Company disposed in 2020

Non-Swiss GAAP FER Measures as Defined by COLTENE Group

COLTENE Group uses certain non-Swiss GAAP FER metrics when measuring performance, especially when measuring current-year results against prior periods, including core results, constant currencies, free cash flow, and net debt. Despite the use of these measures by management in setting goals and measuring the Group's performance, these are non-Swiss GAAP FER measures that have no standardized meaning prescribed by Swiss GAAP FER. As a result, such measures have limits in their usefulness to investors. Because of their non-standardized definitions, the non-Swiss GAAP FER measures (unlike Swiss GAAP FER measures) may not be comparable to the calculation of similar measures of other companies. These non-Swiss GAAP FER measures are presented solely to permit investors to more fully understand how the Group's management assesses underlying performance. These non-Swiss GAAP FER measures are not, and should not be viewed as, a substitute for Swiss GAAP FER measures. As an internal measure of Group performance, these non-Swiss GAAP FER measures have limitations, and the Group's performance management process is not solely restricted to these metrics.

Growth Rate Calculation

For ease of understanding, COLTENE Group uses a sign convention for its growth rates such that a reduction in operating expenses or losses compared to the prior year is shown as a positive growth.

Free Cash Flow

Free cash flow is presented as additional information because management believes it is a useful supplemental indicator of the Group's ability to operate without reliance on additional borrowing or use of existing cash. Free cash flow is a measure of the net cash generated that is available for debt repayment and for returning to shareholders. Free cash flow is a non-Swiss GAAP FER measure, which means it should not be interpreted as a measure determined under Swiss GAAP FER. Free cash flow is not intended to be a substitute measure for cash flow from operating activities as determined under Swiss GAAP FER.

COLTENE Group's definition of free cash flow includes cash flow from operating activities and cash flow from investing activities.

Net Debt

Net debt is presented as additional information because management believes it is a useful supplemental indicator of the Group's ability to pay dividends, to meet financial commitments, and to invest in new strategic opportunities, including strengthening its balance sheet. Net debt is a non-Swiss GAAP FER measure, which means it should not be interpreted as a measure determined under Swiss GAAP FER.

COLTENE Group defines net debt as current and non-current financial debt less cash and cash equivalents, current investments, and derivative financial instruments.

EBITDA

COLTENE Group defines earnings before interest, tax, depreciation, and amortization (EBITDA) as operating income from continuing operations excluding depreciation of property, plant, and equipment (including any related impairment charges), and amortization of intangible assets (including any related impairment charges).

Leverage Factor

The COLTENE Group relates interest-bearing debt to EBITDA to determine the leverage factor. A leverage ratio is any one of several financial measurements that look at how much capital comes in the form of debt (loans), or assesses the ability of a company to meet its financial obligations. The leverage ratio is important given that companies rely on a mixture of equity and debt to finance their operations and knowing the amount of debt held by a company is useful in evaluating whether it can pay its debts off as they come due.

Report of the Statutory Auditor

To the General Meeting of COLTENE Holding AG, Altstätten
St. Gallen, February 25, 2021

Report of the Statutory Auditor on the Consolidated Financial Statements

As statutory auditor, we have audited the consolidated financial statements of COLTENE Holding AG, which comprise the consolidated income statement, consolidated balance sheet, consolidated cash flow statement, consolidated statement of changes in equity and notes to Group financial statements (pages 78 to 98), for the year ended December 31, 2020.

Board of Directors' Responsibility

The Board of Directors is responsible for the preparation of the consolidated financial statements in accordance with Swiss GAAP FER and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements for the year ended December 31, 2020 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with Swiss GAAP FER and comply with Swiss law.

Report on Key Audit Matters Based on the Circular 1/2015 of the Federal Audit Oversight Authority

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibility section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the

procedures performed to address the matters below, provide the basis for our audit opinion on the consolidated financial statements.

Valuation of Inventory

Area of Focus

The total balances of inventory and inventory allowance as of December 31, 2020 amount to CHF 52.0 million and CHF 11.0 million, respectively, as described in note 13. We focused on this position because the gross inventory and related allowance are material to the financial statements, involve a level of judgment and are subject to uncertainty due to market demand changes.

Our Audit Response

We assessed the process, method and assumptions used to identify slow moving, excess or obsolete items and to calculate the related allowance. We completed procedures to assess the amount of the allowance including a comparison of management's calculations for consistency against those used in the prior year. We tested the underlying data used by management to calculate the inventory allowance, typically an aged inventory analysis with the latest movements, by re-performing the ageing calculation determined by the ERP-system. We also tested the accuracy of the calculation by assessing the calculation criteria. Furthermore, we compared the net realizable value with the carrying value for a sample of products.

Our audit procedures did not lead to any reservations relating to the method and the assumptions used to calculate the valuation of inventory.

Report on Other Legal Requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

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

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

Ernst & Young Ltd

Iwan Zimmermann
Licensed audit expert
(Auditor in charge)

Johannes Bachmann
Licensed audit expert

Income Statement COLTENE Holding AG

In CHF	2020	2019
Dividend income	8 543 948	14 288 920
Other financial income	259 617	554 080
Total income	**8 803 565**	**14 843 000**
Financial expenses	–694 110	–677 029
Personnel expenses	–574 733	–665 125
Other operating expenses	–721 664	–583 733
Impairment loss on investments	–12 051 781	–7 600 000
Tax expenses	–580 028	–438 565
Total expenses	**–14 622 316**	**–9 964 452**
Profit/loss(–) of the year	**–5 818 751**	**4 878 548**

Balance Sheet COLTENE Holding AG

In CHF	31.12.2020	31.12.2019
Cash and cash equivalents	2 831 910	846 298
Other accounts receivable from third parties	19 613	5 906
Other accounts receivable from subsidiaries	8 469 414	3 217 284
Current assets	**11 320 937**	**4 069 488**
Long-term receivables from subsidiaries	22 036 381	36 781 083
Investments in subsidiaries	205 152 796	206 912 462
Non-current assets	**227 189 177**	**243 693 545**
Total assets	**238 510 114**	**247 763 033**
Trade accounts payable to third parties	10 025	1 730
Current interest-bearing liabilities to third parties	55 325 755	58 794 585
Other accounts payable to third parties	18 143	18 563
Other accounts payable to subsidiaries	9 953 305	1 201 122
Accrued liabilities and deferred income to third parties	241 072	202 765
Short-term provisions	288 746	88 746
Current liabilities	**65 837 046**	**60 307 511**
Share capital	597 558	597 558
Legal reserves from retained earnings	119 512	84 380
Capital contribution reserves without foreign reference	49 983 127	49 983 127
Capital contribution reserves with foreign reference	92 913 167	101 876 508
Voluntary reserves from retained earnings	34 880 125	30 036 709
Treasury shares	–1 670	–1 308
Profit/loss(–) of the year	–5 818 751	4 878 548
Total equity	**172 673 068**	**187 455 522**
Total liabilities and equity	**238 510 114**	**247 763 033**

Statements of Changes in Equity COLTENE Holding AG

In CHF	Share capital	Statutory reserves	Capital contribution reserves	Treasury shares	Net income brought forward	Total
31.12.2018	**597 558**	**84 380**	**169 783 747**	**–303 324**	**30 036 709**	**200 199 069**
Distribution to shareholders	0	0	–17 924 112	0	0	–17 924 112
Capital increase	0	0	0	0	0	0
Change in treasury shares	0	0	0	302 016	0	302 016
Profit/loss(–) of the year	0	0	0	0	4 878 548	4 878 548
31.12.2019	**597 558**	**84 380**	**151 859 635**	**–1 308**	**34 915 257**	**187 455 522**
Distribution to shareholders	0	0	–8 963 342	0	0	–8 963 342
Allocation to the legal reserves	0	35 132	0	0	–35 132	0
Change in treasury shares	0	0	0	–362	0	–362
Profit/loss(–) of the year	0	0	0	0	–5 818 751	–5 818 751
31.12.2020	**597 558**	**119 512**	**142 896 294**	**–1 670**	**29 061 374**	**172 673 068**

Notes to COLTENE Holding AG

Principals

The financial statements of COLTENE Holding AG, Altstätten, were prepared according to the provisions of the Swiss Law on Accounting and Financial Reporting (32nd title of the Swiss Code of Obligations). Where not prescribed by law, the significant accounting and valuation principles applied are described below. It should be noted that to ensure the Company's going concern, the Company's financial statements may be influenced by the creation and release of hidden reserves.

Financial Assets

Financial assets include long-term loans. Loans granted in foreign currencies are translated at the rate at the balance sheet date.

Treasury Shares

Treasury shares are recognized at weighted average cost and deducted from shareholders' equity at the time of acquisition. In case of a resale, the gain or loss is recognized through the income statement as financial income or financial expenses.

Investments

Investments include securities with a long-term holding period and are valued individually at their acquisition cost adjusted for impairment losses. Investments are tested on an annual base for impairment needs.

Foregoing a Cash Flow Statement and Additional Disclosures in the Notes

As COLTENE Holding AG has prepared its consolidated financial statements in accordance with a recognized accounting standard (Swiss GAAP FER), it has decided to forego presenting additional information on interest-bearing liabilities and audit fees in the notes as well as a cash flow statement and a management report in accordance with the law.

Full-Time Equivalents

COLTENE Holding AG has no employees.

Investments in Subsidiaries

The major investments in subsidiaries are listed in note 27 on page 98 of this Annual Report.

Impairment Loss on Investments

On December 31, 2020, 100 % of the shares of Vigodent SA, the Group's manufacturing plant in Brazil, were sold to local entrepreneurs. The disposal resulted in an impairment loss of CHF 12.1 million in the reporting period (2019: CHF 7.6 million).

Subsequent Events

As per the release date of this Financial Statement, the Board of Directors and the Executive Management were not aware of any further important events subsequent to the reporting date.

Contingent liabilities

	31.12.2020	31.12.2019
Joint and several liability from group taxation for current and future value-added tax liabilities of Coltène/Whaledent AG and Coltène/Whaledent Vertriebsservice und Marketing GmbH	p. m.	p. m.

Treasury shares

	Average rate of transactions in CHF	Quantity
Inventory as of 1.1.2019		**3 265**
Acquisitions	99.10	80
Share-based compensation	93.05	–3 331
Inventory as of 31.12.2019		**14**
Acquisitions	87.87	2 500
Share-based compensation	79.04	–2 495
Inventory as of 31.12.2020		**19**

Significant shareholders[1]

	31.12.2020	31.12.2019
HUWA Finanz- und Beteiligungs AG, Heerbrugg	22.28 %	22.18 %
Arthur Zwingenberger, Luzern	17.28 %	17.20 %
Rätikon Privatstiftung, Bludenz/Austria	10.18 %	10.18 %
Tweedy, Browne Company LLC, New York/USA	4.21 %	4.21 %
Robert Heberlein, Zumikon	4.02 %	3.46 %
Credit Suisse Asset Management Funds AG, Zürich[2]	n.a.	3.49 %
UBS Fund Management (Switzerland) AG, Zürich[2]	n.a.	3.26 %

[1] The Company is aware of the following registered shareholders who own over 3 % of the shares. For more details see page 39.
[2] Ownership at December 31, 2020, <3 %

Number of shares held by Board of Directors

	31.12.2020	31.12.2019
Nick Huber, Chairman	20 095	14 557
Erwin Locher, member	3 936	5 492
Jürgen Rauch, member	547	407
Matthew Robin, member	5 505	5 365
Astrid Waser, member	367	227
Roland Weiger, member	1 468	1 328
Allison Zwingenberger, member	172	32
Total	**32 090**	**27 408**

Number of shares held by Executive Management

	31.12.2020	31.12.2019
Martin Schaufelberger, CEO	12 350	11 799
Gerhard Mahrle, CFO	3 346	3 071
Werner Barth, Vice President Marketing	1 648	1 540
Stefan Helsing, COO	40 402	54 170
Christophe Loretan, Vice President Sales	756	624
Martin Schlüter[1]	0	n.a.
John Westermeier[1]	0	n.a.
Werner Mannschedel, Vice President QM & RA[2]	n.a.	2 413
Total	**58 502**	**73 617**

[1] New members of Group Management appointed on January 1, 2020.
[2] Werner Mannschedel retired on December 31, 2019.

Remuneration of the Board of Directors

In CHF	Base remuneration		Other remuneration	
	in cash	in shares[1]	Social security[2]	Total[3]
2019				
Nick Huber	72 000	20 000	14 366	106 366
Erwin Locher	63 000	10 000	7 444	80 444
Jürgen Rauch	54 000	10 000	0	64 000
Matthew Robin	63 000	10 000	11 445	84 445
Astrid Waser	54 000	10 000	10 024	74 024
Roland Weiger	54 000	10 000	10 024	74 024
Allison Zwingenberger	54 000	10 000	8 893	72 893
Total	**414 000**	**80 000**	**62 196**	**556 196**
2020				
Nick Huber	76 667	20 000	12 509	109 176
Erwin Locher	67 083	10 000	6 193	83 276
Jürgen Rauch	57 500	10 000	0	67 500
Matthew Robin	67 083	10 000	9 977	87 060
Astrid Waser	57 500	10 000	8 737	76 237
Roland Weiger	57 500	10 000	8 737	76 237
Allison Zwingenberger	57 500	10 000	8 737	76 237
Total	**440 833**	**80 000**	**54 890**	**575 723**

[1] The number of shares granted in 2019 is calculated based on the weighted average share price of the month of March (2020: March) of the subsequent year.
[2] Company paid social security contributions incl. AHV, IV, and ALV.
[3] As a response to the negative impacts of the COVID-19 pandemic, Group Management decided to introduce short-time work or furloughs (temporary layoffs) where feasible. In order to adjust production capacities in line with lower demand, the workforce was reduced by 10%, or roughly 145 FTE. Most temporary employment contracts were terminated, and a hiring freeze was put in place. In the spirit of solidarity, the Board of Directors reduced their own remuneration in cash by 10 % for the period of five months starting from the second quarter.

Remuneration of Group Management

In CHF	Base remuneration	Variable remuneration[1]		Other remuneration		
	in cash	in cash	in shares[2]	Social security[3]	Other benefits	Total[4]
2019						
Martin Schaufelberger	410 007	189 373	49 315	166 921	20 692	836 308
Other members	1 313 413	282 368	73 749	361 748	65 831	2 097 109
Total	**1 723 420**	**471 741**	**123 064**	**528 669**	**86 523**	**2 933 417**
2020						
Martin Schaufelberger	395 088	287 984	85 129	147 120	20 692	936 013
Other members	1 475 500	584 597	172 983	345 981	85 438	2 664 499
Total	**1 870 588**	**872 581**	**258 112**	**493 101**	**106 130**	**3 600 512**

[1] The variable remuneration, which includes cash bonus and shares, is not paid out in the reporting period. It is accrued for and paid out in the following year based on the decision of the Board of Directors.
[2] The value of shares granted is calculated based on the share price at closing of the grant date. For 2019, it was February 26, 2020, and the share price was CHF 89.50. For 2020, it was February 25, 2021, and the share price was CHF 109.00.
[3] Company paid social security contributions incl. pension fund payments, AHV, IV, ALV, NBU, and KTG.
[4] In 2020, the total compensation increased due to one more Group Management member that was appointed on January 1, 2020, despite the negative impact of the COVID-19 pandemic on the financial results of the COLTENE Group and hence on the variable compensation to Group Management and to the voluntary waiver of part of the fixed compensation.

Proposed Appropriation of Disposable Profit and Dividend Distribution

In CHF	2020	2019
Allocation of the profit of the year		
Net income carried forward from prior year	34 878 816	29 733 384
Profit/loss(–) of the year	–5 818 751	4 878 548
Transfer to reserves for treasury stocks	–362	302 016
Allocation to the legal reserves	0	–35 132
Total amount at the disposal of the AGM	**29 059 703**	**34 878 816**
Dividend distribution	0	0
Balance to be carried forward	29 059 703	34 878 816
Distribution out of reserves from capital contributions		
Available reserves from capital contributions without foreign reference	49 983 127	49 983 127
Available reserves from capital contributions with foreign reference	92 913 167	101 876 508
Total available capital contribution reserves	142 896 294	151 859 635
Distribution to shareholders of CHF 3.00 per share without treasury shares from capital contribution reserves without foreign reference	0	0
Distribution to shareholders of CHF 3.00 per share without treasury shares* from capital contribution reserves with foreign reference	–17 926 740	–8 963 342
Available capital contribution reserves after distribution		
without foreign reference	49 983 127	49 983 127
with foreign reference	74 986 427	92 913 167
Total capital contribution reserves	**124 969 554**	**142 896 294**

* Amount will be adapted according to the number of treasury shares.

Report of the Statutory Auditor

To the General Meeting of COLTENE Holding AG, Altstätten
St. Gallen, February 25, 2021

Report of the Statutory Auditor on the Financial Statements

As statutory auditor, we have audited the financial statements of COLTENE Holding AG, which comprise the income statement, balance sheet and notes (pages 102 to 107), for the year ended December 31, 2020.

Board of Directors' Responsibility

The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements for the year ended December 31, 2020, comply with Swiss law and the company's articles of incorporation.

Report on Key Audit Matters Based on the Circular 1/2015 of the Federal Audit Oversight Authority

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibility section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the financial statements.

Valuation of Investments

Area of Focus

The valuation of investments in accordance with the provisions of the Swiss Code of Obligations is important to our statutory audit as it represents a significant judgment area. Investments as at balance sheet date represent 86.0 % of the total assets of COLTENE Holding AG. In performing the impairment testing for investments, the company used various assumptions in respect of future market and economic conditions, market share, revenue growth and margin development.

Our Audit Response

Our audit procedures included an assessment and test of the assumptions, methodology, the weighted average cost of capital and other data used by the company, for example by comparing them to external data, such as expected inflation rates, external market growth expectations and by analyzing sensitivities in COLTENE's valuation model. Furthermore, we included in our team a valuation specialist to assist us with these procedures. We specifically focused on the sensitivity by evaluating whether a reasonably possible change in assumptions could cause the carrying amount to exceed its recoverable amount. We also assessed the historical accuracy of the Board of Management's estimates.

Our audit procedures did not lead to any reservations relating to the used assumptions, the methodology and the weighted average cost of capital and the other data used.

Report on Other Legal Requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

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

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

Ernst & Young Ltd

Iwan Zimmermann
Licensed audit expert
(Auditor in charge)

Johannes Bachmann
Licensed audit expert

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Disclaimer
The information made available in this Annual Report may include forward-looking statements that reflect intentions, beliefs or current expectations and projections of the COLTENE Group about future results of operations, financial conditions, liquidity, performance, and similar circumstances. Such statements are made on the basis of assumptions and expectations which may prove to be erroneous, although the COLTENE Group believes them to be reasonable at this time.

The extract of the reporting section of the Annual Report 2020 in German is the governing text.