

# Customer Focus

Annual Report 2022

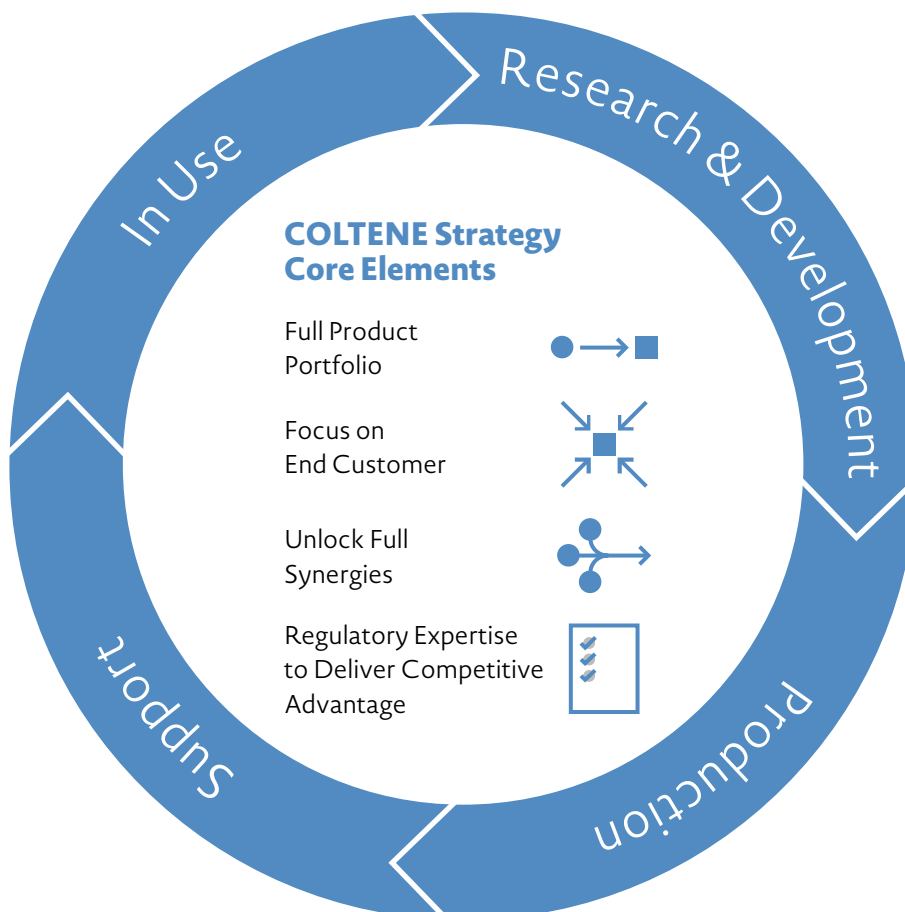
22

# Fit for our Customers

COLTENE carried the positive momentum of its record 2021 performance into the first half of 2022. However, the after-effects of the pandemic impacted Group performance in 2022: supply bottlenecks lasted longer than expected, sales in China suffered from the lockdowns, and demand for surface disinfection returned to normal. In addition, inflation and fears of recession increasingly affected the business. In short, there were many challenges that our employees managed to overcome with a great deal of commitment and flexibility.

We are delighted that the focus of our attention shifted back to personal customer contact in 2022. Training programs and customer seminars are once again part of normal life. This is a welcome development, as our business thrives on close cooperation with customers – whether in research, development or during sales consultations. In line with this priority, we opened a new, state-of-the-art training center in North America. We also launched a central customer desk – a platform that speeds up and enhances the efficiency and expertise of both offline and online cooperation with customers.

This year's photo story illustrates our customer focus and shows how our employees are getting into shape for their customers.



# Contents

Product Overview	4
Facts and Figures	5
Information about COLTENE Shares	6
Highlights 2022	8
Foreword	10
Focusing on Customer Value	16
Operational Review and Financial Commentary	20
Sustainability Report	28
Corporate Governance	48
Compensation Report	74
Financials	89
Important Addresses	126

# Product Overview

The COLTENE Group divides its comprehensive product range into three product groups: Infection Control, Dental Preservation, and Efficient Treatment.

## Infection Control

Instrument reprocessing and surface disinfection

# 33 %

COLTENE offers cleaning, sterilization and disinfection products for reusable dental instruments and dental practice surfaces. Examples of its comprehensive range of products in Infection Control are state-of-the-art ultrasonic cleaning units and solutions, washers, thermal disinfection equipment and autoclaves, and premium disinfectant wipes for all dental practice surfaces.



## Dental Preservation

Restoration, Endodontics

# 29 %

With its restorative and endodontic systems to conserve vital and non-vital tooth enamel, COLTENE offers a wide variety of products for lasting tooth preservation, from the crown to the root. Its attractive range of preservation products includes premium bonding solutions, composites, root canal instruments, irrigation solutions including auxiliaries, and materials for root canal obturation and sealing.



## Efficient Treatment

Prosthetics, Rotary Instruments, Treatment Auxiliaries

# 38 %

The Treatment Efficiency product group comprises a wide range of products and auxiliaries that enhance efficiency in dentistry. These range from high-precision impression materials and premium wound treatment solutions to dental cotton products, efficient aspirator tips, high-performance rotary instruments, and dental dams used to isolate teeth for treatment.

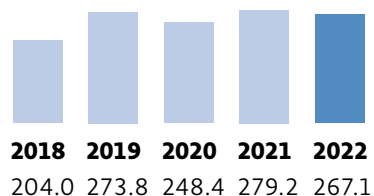


# Facts and Figures

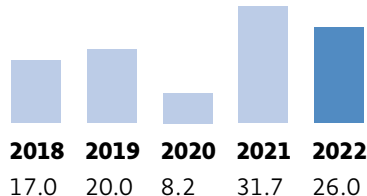
COLTENE is an international developer, manufacturer and seller of dental consumables and small equipment in the areas of Infection Control, Dental Preservation and Efficient Treatment. COLTENE has state-of-the-art production facilities in the US, Canada, Germany, France and Switzerland, as well as its own sales organizations in all major markets including North America, Europe, Japan, China, India and Latin America. The COLTENE Group has 1 221 employees around the world (31 December 2022).

## 5-Year Overview: 2018 – 2022 (in CHF m)

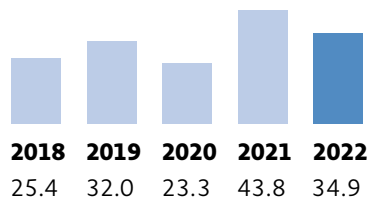
### Net Sales



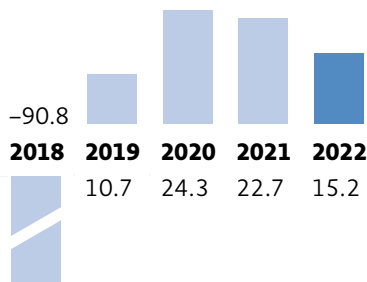
### Net Profit



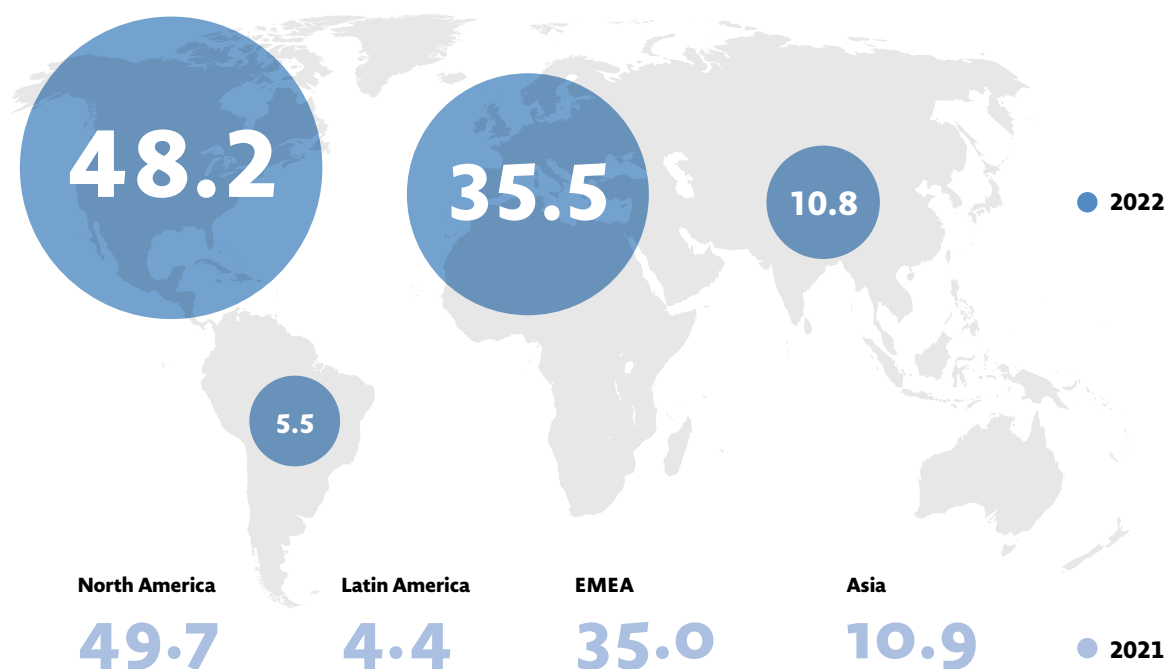
### EBIT



### Free Cash Flow



## Net Sales by Region in %



# Information about COLTENE Shares

## Share Capital and Capital Structure

	2022	2021	2020	2019	2018
Par value per share (CHF)	0.10	0.10	0.10	0.10	0.10
Total registered shares	5 975 580	5 975 580	5 975 580	5 975 580	5 975 580
Cleared shares	14.97%	16.91%	12.50%	13.34%	29.20%
Number of treasury shares	568	84	19	14	3 265
Number of dividend-bearing shares	5 975 012	5 975 496	5 975 561	5 975 566	5 972 315
Registered capital (CHF 1000)	598	598	598	598	598
Conditional capital (CHF 1000)	0	0	0	0	0
Authorized capital (CHF 1000)	0	0	0	7	7
<b>Total voting rights</b>	<b>5 975 580</b>	<b>5 975 580</b>	<b>5 975 580</b>	<b>5 975 580</b>	<b>5 975 580</b>

## Key Stock Exchange Figures per Share

CHF	2022	2021	2020	2019	2018
Share price high	112.80	133.40	97.30	103.60	124.00
Share price low	74.30	82.50	56.10	72.00	80.00
Closing share price	76.20	112.40	86.00	88.80	84.30
Average volume per trading day (number of shares)	2 512	4 338	5 008	5 442	4 084
Market capitalization in CHF million (year-end)	455	672	514	531	504

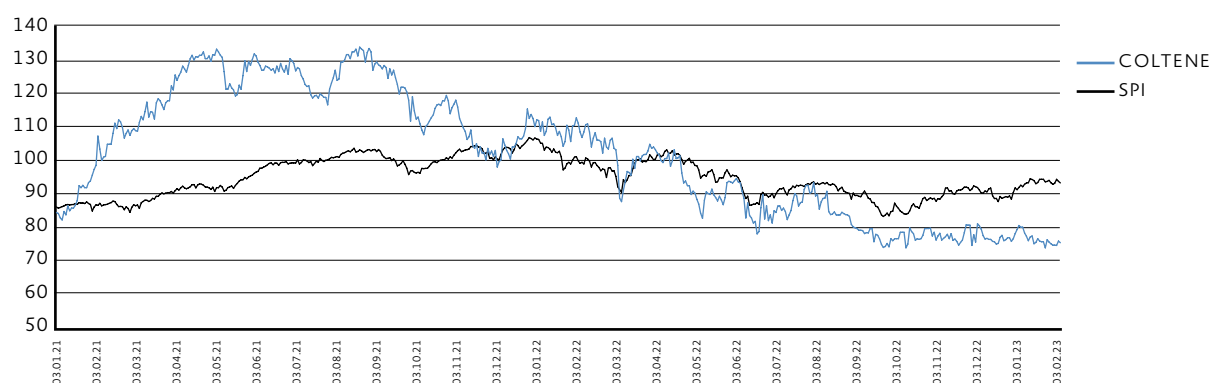
## Key Figures per Share

CHF	2022	2021	2020	2019	2018
Earnings per share – basic	4.35	5.31	1.38	3.35	3.61
Earnings per share – diluted	4.35	5.31	1.38	3.35	3.61
Operating cash flow per share	3.92	5.44	5.82	3.98	4.12
Free cash flow per share	2.55	3.80	4.06	1.79	-15.20
Dividend per share	3.30 <sup>1</sup>	3.30	3.00	1.50	3.00
Equity per share	18.77	17.97	15.10	15.26	14.76

<sup>1</sup> Board of Directors' proposal to the Annual General Meeting on 19 April 2023: distribution of CHF 3.30 per share from capital contribution reserves with foreign reference and excluding treasury shares.

## Share Price Performance (03.01.2021 to 03.02.2023)

CLTN registered shares/Swiss Performance Index (SPI) rebased



The COLTENE share price dropped 32.2% in 2022 from CHF 112.40 to CHF 76.20. COLTENE paid a dividend of CHF 3.30 per share on 27 April, 2022. The overall performance including the dividend for 2022 was -29.3%. Effective 1 February, 2021, COLTENE Holding AG shares are included in the two ESG indices of the SIX Swiss Exchange SPI ESG and SPI ESG Weighted.

## Shareholder Structure<sup>1</sup>

At 2022, there were 2 185 shareholders (31.12.2021: 2 020) entered in the share register. The following shareholders held 3 % or more of the outstanding share capital of COLTENE Holding AG at year-end:

	31.12.2022	31.12.2021
HUWA Finanz- und Beteiligungs AG	<b>22.42 %</b>	22.35 %
Arthur Zwingenberger	<b>17.28 %</b>	17.28 %
Rätikon Privatstiftung	<b>12.30 %</b>	11.45 %
Robert Heberlein	<b>4.15 %</b>	4.05 %
Credit Suisse Asset Management Funds AG	<b>3.23 %</b>	3.48 %
UBS Fund Management (Switzerland) AG	<b>3.18 %</b>	3.22 %

<sup>1</sup> For more information, refer to Corporate Governance section of this Annual Report.

## Contact

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## Share Register

Philipp Baumgartner  
ShareCommService AG  
Phone +41 79 370 62 29  
E-mail philipp.baumgartner@sharecomm.ch

## Financial Calendar

Release of Annual Report and media and analyst conference on 2022 financial year	3 March 2023
Annual General Meeting 2023	19 April 2023
Release of Half-year Report and media and analyst conference on 2023 half-year results	4 August 2023
Release of Annual Report and media and analyst conference on 2023 financial year	8 March 2024
Annual General Meeting 2024	19 April 2024
Release of Half-year Report and media and analyst conference on 2024 half-year results	8 August 2024

## Highlights 2022

# 267.1 m

### Sales in CHF

Demand has normalized following record levels caused by the pandemic.

# 4.3 %

### Dividend Yield

The proposed dividend yield is 4.3 %.

# 7 390

### Direct Customer Contacts

On average, 7 390 direct customer contacts were recorded in the new CRM/customer desk per month.

# 66.7%

## Gross Margin

The gross margin was maintained thanks to price pass-throughs.

# ♀ 48:52 ♂

## Diversity

In the overall workforce, women and men are represented in near-equal numbers.

# 153

## MWh Generated with Proprietary Energy Source

The solar panels installed in Altstätten currently cover about 15% of the annual electricity demand.

# Foreword

## Dear Shareholders,

We are pleased to present to you COLTENE's 2022 annual report. 2022 was another very challenging year for COLTENE. The impact of the pandemic was still present. Supply chains had not normalized completely yet, and for the most part China was locked down. However, direct personal contact with our customers was again possible in almost all markets. Joint events, larger conferences, seminars, training programs, and meetings with customers gradually returned, and the newly opened training center in North America went operational.

### **A Challenging Environment**

In addition to the influences already mentioned, our business environment was marked by inflation and fears of recession, as well as the normalization of the record levels in 2021 (primarily for OPTIM surface disinfection wipes) due to the pandemic.

COLTENE generated sales of CHF 267.1 million (-4.3% year on year, -3.5% at constant exchange rates). The strained economic environment and bottlenecks persisting in the supply chain – as well as the normalization of the high OPTIM volumes sold in 2021 – primarily impacted Infection Control, with a -6.9% decline (-9.3% at constant exchange rates) compared to the previous period. Dental Preservation and Efficient Treatment saw only slight changes of -3.1% and -2.9%, respectively, in CHF (-0.7% resp. -0.3% in local currency terms) compared to 2021. The downturn in Infection Control predominantly affected the North American market, while China recorded decreases across the product portfolio due to the lockdowns. The EMEA region, on the other hand, performed well, with sales growth of 4.2% in local currency terms.

Thanks to our contact with dentists, we can tailor our products precisely to their needs.

Thanks to strict cost control and the stable gross margin, the smaller sales base resulted in an EBIT margin of just 13.1%, down 2.6 percentage points (2021: 15.7%). The operating profit (EBIT) was CHF 34.9 million (2021: CHF 43.8 million).

### **Customer Focus**

In addition to serving and supporting distributors (i.e. our direct customers), maintaining contact with end customers (dentists) is also vital for COLTENE. Their feedback tells us what customers require from our products in everyday use, and allow us to tailor them precisely to their needs.

This inspired us to launch a state-of-the-art customer support application. Along with the familiar sales support functionality, it features an integrated



Nick Huber, Chairman of the Board of Directors

Martin Schaufelberger, CEO

customer service module, where all inquiries and complaints are recorded and systematically processed. Systematic recording allows the app to learn from every case and use this knowledge to respond to new inquiries. Our new customer service is faster, more expert, and more efficient - and with that our image, too.

We are currently expanding this application to include repair processing and customer training. These are two more areas where we are learning more about how people are using and benefiting from our equipment and products. We use this information to further develop our products and services to enhance customer value.

### **Sustainability as an Integral Strategic Element**

In view of the growing importance of sustainable practice and due to the new obligations for non-financial reporting, COLTENE introduced a new project organization for this topic in 2022. The first step in this regard was to conduct a detailed materiality analysis. In 2023, key performance

Our new customer service  
is faster, more expert, and  
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indicators (KPIs) will be derived from this, and specific targets and measures defined and implemented. Key projects – such as the expansion of the solar panels in Altstätten or the involvement of the workforce and suppliers in the sustainability project – will be initiated or continued in 2023. For more information, refer to the Sustainability report.

COLTENE is well prepared for the transition to the new European Medical Device Regulation (MDR). All the product ranges will meet the new MDR regulations in Europe by May 2024. We want to adhere to this target date, even if the EU is likely to extend the transition period. Hence, this major Group-wide project will tie up fewer resources from 2024 on. These resources will then increasingly become available again for innovation in Research & Development.

### **Evaluation of Potential Risks**

The Group Management and the Board of Directors regularly assess COLTENE's main business risks. A comprehensive risk assessment is conducted at least once a year. In this assessment, the relevant risks are systematically classified according to the likelihood of occurrence and the severity of the potential consequences. Potential risks and actions to contain these risks were examined once again during the year under review. The focus was on dealing with inflation, data loss due to cyber attacks, currency fluctuations, and general market risks.

A new project organization is strengthening sustainable practice at COLTENE.

### **Changes in Group Management and the Board of Directors**

Effective 1 January 2022, Markus Abderhalden became the COLTENE Group's new Chief Financial Officer, replacing Gerhard Marle, who retired. At the start of 2022, Paul Frey, Vice President of Sales & Marketing/Communication North America, was appointed to Group Management. Stefan Helsing will step down from his position as Chief Operating Officer at the end of March 2023 due to retirement. His successor will be Gregor Picard, who has many years of experience in the dental and automotive industries. The Board of Directors proposes Matthias Altendorf and Daniel Bühler to the shareholders as eligible candidates to replace Erwin Locher and Matthew Robin – the two members of the Board of Directors who will not stand for re-election at the 2023 Annual General Meeting. Both have many years of management experience in international manufacturing companies.

### **Outlook**

The COLTENE Group expects the economic and political environment to remain volatile in the 2023 financial year. However, we are confident that implementing strategic projects – e.g. further expanding our presence in China's dental market, and accelerating digital transformation – will have a

positive impact on business performance. COLTENE will also benefit from the easing of the supply backlogs for electronic components and the change to China's COVID policy. The dental business, which is resistant to economic cycles and has a broad base at COLTENE – will continue to recover and return to its growth pattern.

In the medium term, COLTENE is expecting organic sales growth to outperform the market. By practicing prudent cost management in line with market conditions and implementing sustainable projects, COLTENE is maintaining its medium-term target of an EBIT margin of 15 %. The payout ratio for future dividends will remain set at a target rate of around 70%.

The Board of Directors will propose a dividend of CHF 3.30 per share (4.3 % dividend yield as at 31 December 2022) within the target distribution rate for shareholder approval (2021: CHF 3.30 per share, or 3 % of the year-end price). This is to be fully funded from capital contribution reserves with foreign reference and as such remains tax-exempt for natural persons residing in Switzerland.

In the medium term,  
COLTENE is expecting  
organic sales growth to  
outperform the market.

### **Thank You**

On behalf of the Board of Directors and Group Executive Management, we would like to thank all our employees for their hard work this year. We are proud of our teams for the professionalism, customer focus and great enthusiasm they bring to their work, even when times are tough.

Special thanks also go to our loyal customers, new customers, business partners and shareholders for the trust they place in us.



Nick Huber  
Chairman of the Board of Directors



Martin Schaufelberger  
CEO

Training center in Cuyahoga Falls, USA



# “Fit for the Dental Practice”

The training center in Cuyahoga Falls, Ohio, which opened its doors in 2022, offers training for dentists, dental hygienists, dental assistants and sales force for the North American market. Fit-out is state-of-the-art, and the center can accommodate both large and multiple smaller groups for onsite and remote sessions. Participants appreciate not just the high level of training delivery, but also the valuable opportunities to exchange ideas with colleagues and COLTENE.

**Danielle Teague**  
Clinical Education Manager  
Coltène/Whaledent Inc., USA



# Focusing on Customer Value

At COLTENE, customer value has always been the focus of our business. It's not just about delivering exceptional, effective and safe products for application workflows in dentistry. We aim to serve as a consultant, looking after the needs of dental practices at all levels and roles in the business. This approach makes COLTENE a reliable and solution-driven partner for customers – whether in sales, R&D, training programs or routine issues that arise in a dental practice.

On the following pages, three members of Group Management, Paul Frey, Vice President of Sales & Marketing, North America, Christophe Loretan, Vice President of Sales & Marketing, Europe and RoW, and Dr. Martin Schlüter, Vice President of Research & Development/Innovation – explain what customer focus means, using specific projects from the 2022 financial year as examples.

# More than just Training for Dentists

Interview with Paul Frey | VP of Sales & Marketing, North America

## **A new training center in North America**

In the 2022 financial year, COLTENE opened a training center in Cuyahoga Falls, Ohio. Training programs are vital to the work that dental professionals do. They are also a tremendous asset to dentists, distributors and COLTENE alike. Paul Frey, Vice President of Sales & Marketing, North America, explains why.

## **Why does COLTENE offer training programs?**

Both dentists and other dental professionals use their hands and instruments to carry out dental procedures on patients in very confined spaces – sometimes even with the aid of a microscope. Every move they make must be perfectly attuned, and the end result must be a lasting success. Dentists need to be able to rely on the safety of our products and we need to be able to rely on dentists to use products correctly. Given this mutual dependency, training programs are vitally important. Combined with excellent products, training programs help ensure that patients receive the very best care and are satisfied with the treatment they receive. In addition to quality assurance, training programs are an opportunity to demonstrate and establish the entire product range along a particular workflow. COLTENE also offers attendees the chance to exchange thoughts and ideas with colleagues. Consequently, we are positioning COLTENE as a valued partner and optimal location.

## **How do attendees benefit from communication with colleagues?**

Dentists are usually enthusiastic entrepreneurs who appreciate the opportunity to share their experiences with other like-minded people. That is exactly what we offer with our training programs, where dentists come together and share their experiences in a pleasant, professional, educational environment. When they leave our training center, they take with them not just newfound expertise but also new contacts and ideas. This helps them to optimize their practice.

## **How has the pandemic affected on-site training?**

The pandemic quickly taught us that we need to be agile and do things differently. Today, many training courses can be held as online or hybrid events. Customers make use of these options especially when they are short on time. COLTENE also benefits from online training programs, as they make it possible to reach a much wider geographical audience. These programs also create the opportunity to connect with customers more often.



“Our training programs enable us to maintain contact with our customers and establish a culture of partnership.”

# Efficient and Specific Customer Contact – Worldwide

Interview with Christophe Loretan | VP of Sales & Marketing, Europe/Rest of World

## **A central customer desk**

In the 2022 financial year, COLTENE enhanced its customer service operations by adding a new customer desk function to the ZOHO application. While COLTENE regularly visits customers at their premises, day-to-day contact (which is often time-sensitive) is essential for quality dental treatment. Christophe Loretan, Vice President of Sales & Marketing Europe and RoW, explains how the new customer desk is promoting efficiency in day-to-day business and is making COLTENE a long-term partner to its customers.

## **How does the new customer desk function bring COLTENE closer to customers?**

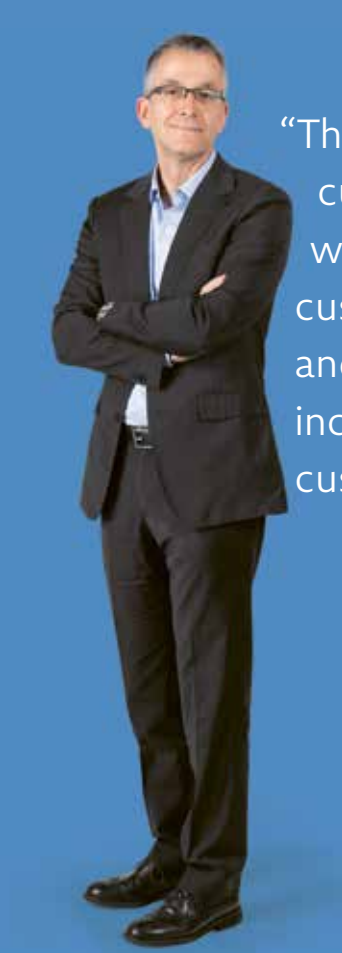
Our field staff meet our customers for regular consultations and needs assessments, so they already have that vital direct contact with our customers. But, dentists are pressed for time, so personal customer contact is also competing with the time dentists need to spend on treatments. Launching the globally accessible customer desk function has resolved this trade-off efficiently for many everyday inquiries and interactions. Inquiries are answered by drawing on the global network and the established knowledge base. So the desk function enhances efficiency and customers get optimal answers quickly.

## **How does the customer desk improve on-site customer contact in dental clinics?**

The customer desk function centralizes customer inquiries worldwide. Each dental practice receives prompt, targeted service from a single location. At the same time, all the events and associated data are recorded and become available to the organization, creating a knowledge base that grows daily. This enables customer advisors to hold more targeted and specific on-site consultations. As the database grows, routine inquiries are resolved more and more quickly. Our customers greatly appreciate this customer desk function, because it allows them to spend more time with their patients.

## **What potential does the application have to further improve COLTENE's customer service?**

The inquiries we receive at present mainly fall under three categories: repairs, questions or complaints. Our goal is to provide a "complete carefree package" by adding other functions, such as the option of booking training programs. That way, the application will not only increase the global pool of expertise, but will also connect all the functions and workflows around interactions between customers and COLTENE. Last but not least, it also influences product development and strengthens our customers' and COLTENE's long-term partnership in further developing both dental clinics and COLTENE itself.



“Thanks to our new customer desk function we are meeting our customers’ needs faster and more precisely and increased the quality of customer dialog.”

# Safe Care is the Ultimate Asset

Interview with Dr. Martin Schlüter, VP of Research & Development/Innovation

## **Focused product development**

When it comes to product development, safe patient care is always the primary objective. Dr. Martin Schlüter, VP of Research & Development/Innovation, explains why collaboration with customers is so important for that very reason.

## **What role do COLTENE's customers play in R&D activities?**

Close communication with dentists during the product development phase is tremendously important. They provide us with the inspiration to innovate, and so they play an active role in steering our development activities. By nurturing close contact with trusted dentists, we can improve our understanding of our customers' needs, systematically incorporate them into projects and validate innovations. This is true of technology-driven innovations too, where we cooperate with universities and start-ups in particular – always with a view to meeting customers' needs and involving them in technology and product development at an early stage.

## **How is that customer focus reflected, say, in new products launched in 2022?**

In 2022, one of the new products we launched was the STATIM 6000B. It is a further development of the globally successful STATIM product range. During the development process, we focused on three key points: firstly, a modern, compact design with an intuitive user interface; secondly, the integration of the new G4+ technology to provide secure data exchange between dental surgeries, service technicians and COLTENE and expand the range of services we offer; and thirdly, enhancing efficiency by integrating an improved drying function while maintaining the same cycle times. The STATIM 6000B is an example of how consistently focusing on customer needs and regularly seeking customer feedback during product development contribute to the positive end result.

## **Where are COLTENE's R&D activities heading?**

Digitalization and standardization are the future direction of R&D. For COLTENE, this means that its development activities will be even more closely aligned with dental workflows. The goal is to closely coordinate all the products within the Infection Control, Restoration and Endodontic workflows to be suitable for use in both small dental practices and large dentistry groups. This benefits the customer in terms of treating patients and meeting regulatory requirements. In Infection Control, for example, digitalization allows complete transparency in the traceability of individual cleaning steps, reducing the need for manual documentation, which frees up precious time for treating patients.



“Thanks to extensive customer contact, we can successfully push ahead with the further development of our product range and services.”

# Operational Review and Financial Commentary

**COLTENE carried the momentum of its record 2021 performance through to the first half of 2022. However, the repercussions of the pandemic continued into the second half, and new challenges emerged. Inflation and fears of recession as well as lockdowns in China led to an overall decline in demand worldwide. In addition, the Infection Control business was marked by the normalization of demand for surface disinfection products and the persistent backlogs in deliveries of electronic components. Thanks to a flexible organization, strict cost control and successfully implemented price increases, COLTENE achieved an EBIT margin of 13.1 % – despite a challenging market environment.**

## **Sales Performance Influenced By a Variety of Challenges**

With sales of CHF 267.1 million, the 2022 financial year did not live up to the record result achieved in 2021. Net sales decreased by 4.3 %. At constant exchange rates, the decline was 3.5 %. Most of the fall in sales was due to the high demand for OPTIM products in 2021, which normalized in the year under review. Apart from that, 2022 started with a positive trend in demand. From mid-year on, however, there were signs of a slowdown on the markets. This was attributable to the general uncertainty caused by rapidly rising and high inflation rates and fears of recession. This led to slower demand in some markets, particularly for products sensitive to the economic cycle. The continuing supply chain challenges in relation to electronic components also had a negative impact, resulting in high delivery backlogs. Infection Control was particularly impacted. While the situation did ease somewhat in the fourth quarter, it remains challenging. Continuing lockdowns in China and the depreciation of the EUR further contributed to the negative sales performance. The stronger USD only partially compensated for this decline.

In 2022, the effects of the pandemic continued, and new challenges emerged.

## **Steady Development in Dental Preservation and Efficient Treatment**

After significant growth was recorded across all areas in 2021 due to catch-up effects associated with the COVID-19 pandemic, the dental market has currently stabilized near its pre-pandemic levels. Efficient Treatment is still the largest product group, generating sales of CHF 100.5 million and accounting for a 37.6 % share of total sales. The year-on-year decline in this area was 2.9 %, or 0.3 % in local currency terms. In Infection Control – the second largest product group, accounting for 33.5 % of total sales – COLTENE recorded a 6.9 % downturn in sales to CHF 89.6 million. Since the majority of this segment is realized in USD, the drop was 9.3 % in local currency terms. The main reasons were the aforementioned supply chain challenges and decreased demand for surface disinfection products. Dental Preservation – the third product group – generated sales of CHF 77.0 million, which corresponds to a decline of 3.1 %, or 0.7 % in local currency terms.

### Positive Growth in Emerging Markets and EMEA

Overall, with just a few exceptions, virtually all the markets in industrialized countries recorded a drop in sales. By contrast, emerging markets performed very well, achieving significant increases in COLTENE sales.

Generating sales of CHF 128.9 million (2021: CHF 138.9 million), North America (NAM) is still COLTENE's largest market. Since the North American market accounts for a large share of sales in Infection Control, it was affected the most by declining demand in this product group. In the reporting currency, sales decreased by 7.2 % (10.5 % in local currency terms).

The second largest region, EMEA, increased sales in local currency at a pleasing 4.2 %.

EMEA, the second largest region, recorded a positive performance. With sales of CHF 94.8 million (2021: CHF 97.6 million), a 3.0 % drop was recorded in the reporting currency. But in local currency terms, however, sales grew by 4.2 %. The Middle East and Africa region and the United Kingdom in particular recorded encouraging sales growth.

Latin America (LATAM) – the smallest region, accounting for 5.5 % of total sales – continued to perform well with sales of CHF 14.7 million (2021: CHF 12.2 million). Growth was 20.7 % in CHF, or 16.1 % in local currency terms. The highest growth rate was recorded in Brazil, where sales jumped 58.7 %.

Asia contributed 10.8 % to Group sales. In this market, the restrictive lockdowns in China, in particular, had a negative impact. Sales for the region as a whole fell from CHF 30.5 million in 2021 to CHF 28.8 million in 2022. While India performed very well with 25.5 % growth (27.9 % in local currency terms), sales in China dropped sharply in the year under review (-20.3 % in CHF terms or -21.4 % in local currency terms).

### Balancing Sustainable Growth and Cost Optimization

Thanks to flexible staff deployment and further optimizations on the cost side, despite the smaller sales base, COLTENE achieved EBIT of CHF 34.9 million (2021: CHF 43.8 million), with an EBIT margin of 13.1 % (2021: 15.7 %). Total operating expenses (OPEX) came to CHF 136.6 million (2021: CHF 137.2 million).

Lower costs were incurred in HR, while sales and administration expenses increased. In HR, this was mainly a reflection of lower variable wage costs. Additionally, staffing levels on an FTE basis (1 221 as at 31 December 2022) were down slightly year on year (31 December 2021: 1 242 FTEs). Moreover, it was and still is difficult to recruit qualified workers, and consequently vacancies remain unfilled for longer. Overall, personnel costs decreased by CHF 1.2 million (CHF 0.7 million at constant exchange rates).

In terms of selling and administration expenses the increase in travel and the resumption of attendance at trade shows led to a 2.8 % increase in costs. Although costs were optimized here too, additional expenses were also incurred with a view to sustainable growth. The cost development for product registrations was encouraging. It was around CHF 1 million lower than in 2021, which was impacted by extraordinary costs associated with MDR certification.

### **Tax Rate Reduction**

The financial result in 2022 was comparable with the previous year, with expenses of CHF 2.0 million (2021: CHF 2.6 million). The main driver of financial expenses was exchange rate differences on balance sheet items in EUR. These losses were only partially offset by the stronger USD.

At 22.7 %, the expected tax rate is in line with the previous year (23.1 %). The effective tax rate was also reduced slightly from 23.0 % in 2021 to 21.1 %, due to changes in product mix and a reduction of non-refundable withholding taxes.

### **Operating Cash Flow Reduced to Ensure Delivery Capacity**

In 2022, ensuring delivery capacity was a priority due to unfavorable supply chain conditions for critical components. Accordingly, COLTENE made additional investments in its raw materials inventory, resulting in a free cash flow of CHF 15.2 million in the year under review, which is around 33 % or CHF 7.5 million down on the previous year (2021: CHF 22.7 million). Lower tax payments compared with 2021 had a positive impact on cash flow.

Capital expenditure totaled CHF 8.2 million, around 16 % less than in 2021, due to both the uncertain outlook and long delivery times for capital items.

Debt increased from CHF 42.9 million in 2021 to CHF 47.1 million in 2022. Due to above-average repayment of financial liabilities in 2021, cash flow from financing activities was CHF 19.9 million down from the previous year.

At the Annual General Meeting on 19 April 2023, the Board of Directors will propose the distribution of a CHF 3.30 dividend per share, representing a 4.3 % dividend yield based on the year-end closing price.

### **Investments in Upgrading and Optimizing Production Sites**

COLTENE is continuously upgrading its production facilities and is also investing in its manufacturing processes and methods. Patient safety, product quality and cost-effectiveness are the key priorities, along with environmental safety and sustainability

Thanks to flexible staff deployment and cost optimizations, COLTENE achieved EBIT of CHF 34.9 million.

criteria. In the year under review, the COLTENE Group made investments to optimize production costs and work processes, improve product range and further reduce its environmental impact.

The COLTENE plant in **Langenau, Germany**, made various investments to replace and upgrade machinery. In addition the company invested in new machinery for the in-sourcing of manufacturing processes.

In **Altstätten, Switzerland**, investments mainly went into refurbishing and automating machinery. The largest item was the purchase of a new filling line, which significantly increased capacity. Additionally, the Altstätten site also invested in setting up a uniform CRM system for the Group. Together with the customer service software (also newly introduced), all customer inquiries (product information, application questions, complaints, repairs, field service visits) are documented as tickets with various classifications. The interface to the associated CRM system (also newly introduced) provides a 360° view of all customer relationships, improving support and service quality for customers. Customized dashboards for sales and ticket analysis enable quick and concise evaluation of key performance indicators – including orders, product quality, number of customer visits and processing time. They can also be accessed any time while on the move, enabling targeted sales management and customer care.

COLTENE made investments to optimize production costs and work processes to improve its product range and to reduce environmental impact.

At the factory in **Cuyahoga Falls, Ohio, USA**, investments were made in a new training center, allowing COLTENE to offer customers and service technicians training on our products in a well-equipped modern environment and to demonstrate the full product range along workflows. This also promotes exchange between people in the field and our Research Department, allowing key customer needs to be identified and incorporated early on in the product development process. The Training Center can accommodate 250 participants and is equipped with two complete instrument reprocessing lines. Substantial additional investments were made in machinery to further progress automation.

SciCan Ltd. in **Toronto, Canada**, primarily invested in innovation development and is also collaborating with external partners for this purpose. The developments are focused on further digitalizing the instrument reprocessing process. Investments were made primarily in the digital services platform.

Micro-Mega SA in **Besançon, France**, made investments with a view to expanding its production capacities by purchasing additional milling machines to make endodontic files. COLTENE Group Management is confident that these investments make a significant contribution to ensuring environmentally sustainable manufacturing processes and dental products. COLTENE will continue optimizing those processes throughout the value chain, not least to continuously reduce environmental impact.

In total, net investments in property and intangible assets came to CHF 8.2 million in 2022 (2021: CHF 9.9 million).

### **Balance Sheet Remains Solid**

As of 31 December 2022, the consolidated equity of the COLTENE Group was CHF 112.2 million (2021: CHF 107.4 million). The shareholders' equity of COLTENE Holding AG was CHF 145.8 million (2021: CHF 162.3 million). Of this amount, CHF 105.3 million are capital contribution reserves (CCR/KER), which under current law is tax exempt for distribution to shareholders (natural persons residing in Switzerland). Of these capital contribution reserves, CHF 55.3 million are CCR/KER with foreign reference, which are approved for non-taxable distribution and not conditional on a coinciding payment of a matching, taxable dividend.

The introduction of product lifecycle management (PLM) software remains the most important Group-wide project.

Total assets as at 31 December 2022, were CHF 190.6 million (2021: CHF 186.7 million). Net debt increased year on year from CHF 17.2 million to CHF 22.8 million. The net debt ratio (net debt divided by EBITDA) increased accordingly from 0.34 to 0.55. The equity ratio at the balance sheet date was 58.9 % (2021: 57.5 %). These ratios are in compliance with the covenants of the credit line agreement.

### **Innovations and Projects**

Pushing ahead with innovations is a top priority in order to develop new cutting-edge products and services to present to COLTENE customers. Research & Development activities are carried out across the product portfolio, with a special focus on Infection Control. The instrument reprocessing process is particularly important in this regard. R&D spending was CHF 11.4 million in 2022 (2021: CHF 11.2 million), CHF 2.8 million of which was capitalized (2021: CHF 2.2 million).

The introduction of product lifecycle management (PLM) software remains the most important Group-wide project. The aim here is to meet increased regulatory requirements by means of a uniform process landscape and product documentation. In addition, the current projects to expand the functionalities of the newly launched customer desk solution, as well as digital services related to Infection Control devices, will progress digitalization.

Work is also underway to increase the company's presence on the important Chinese market by stepping up cooperation with local partners. The main aim here is to be able to tap the Chinese market's tremendous potential locally from China. This makes both regulatory and organizational activities easier and also takes environmental impact into account.

#### **Potential for Growth Despite an Uncertain Market Environment**

After virtually all markets have recovered from the COVID-19 pandemic, the market now finds itself beset with economic and geopolitical uncertainties, particularly related to high inflation in individual countries and fears of recession. As a result, customers are proceeding with caution on the procurement side. This is especially true for equipment that is sensitive to the economic cycle. On the other hand, we assume that patient treatments can only be postponed for a short time and will be made up quickly when the economy brightens. We expect further easing on the purchasing side and are optimistic that all delivery backlogs can be processed during the first half of 2023, and that COLTENE will be able to respond flexibly to the needs of the market with good stock availability.

COLTENE's presence on the important Chinese market is being increased by stepping up cooperation with local partners.

A global customer desk



# “Timely, high-quality Solutions – worldwide”

COLTENE has enhanced its customer support services around the world by introducing a customer desk solution. The state-of-the-art system offers employees guidance in case handling that is tailored to local needs and uses resolved inquiries to build up a knowledge base. Since our dentists receive faster and higher quality service, they can spend more time with our patients and COLTENE establishes a closer relationship with its customers.

**Nicole Heisele**  
Customer Service Center Associate  
Coltène/Whaledent GmbH, Germany



# Sustainability Report

## Dear Shareholders,

Climate change and the resulting uncertainties and risks continue to be matters of tremendous concern to the global community. Climate change is widely covered in the media. Regulations and reporting requirements for companies are evolving rapidly and aim to reduce climate impacts.

COLTENE is actively involved in helping to mitigate the negative impacts of such external factors on the communities in which the Group operates. Sustainable use of resources and a focus on positive outcomes for our stakeholders form part of our daily endeavors at COLTENE.

We also give due consideration to the rapidly evolving reporting obligations on non-financial matters. The COLTENE Group has been publishing environmental data since 2015 and is steadily expanding its sustainability report. In view of the new non-financial reporting obligations in Switzerland, Europe and globally, but especially due to the growing strategic importance of sustainable practice, COLTENE introduced a new sustainability project organization in 2022. The newly created organization is designed to further develop and implement the sustainability strategy and involves the Board of Directors, a Steering Committee and the Sustainability Officer, together with Group functions.

In addition, a materiality analysis was conducted with the support of an external partner. The results of this analysis are described in more detail in the sustainability report that follows. They take into account both the impact that COLTENE has on the environment and its stakeholders (inside-out) and the risks that environmental factors pose to COLTENE's business performance (outside-in).

In the current financial year, COLTENE will proceed with collecting key performance indicators (KPIs), including Scope 1 and Scope 2 emissions as per the Greenhouse Gas (GHG) Protocol. COLTENE will likewise continue with or launch important projects aimed at mitigating its impact on the environment and dealing with other social and employee concerns, such as the roof refurbishment and installation of a new photovoltaic system at the Altstätten site, and the roll-out of the recently introduced share purchase program for key employees.

As sustainable action is becoming increasingly important, COLTENE introduced a new project organization for sustainability issues in 2022.

With its actions, COLTENE is taking further important steps toward reducing its environmental footprint and creating a business model that takes into account the needs of all its stakeholders in a sustainable manner.

A handwritten signature in black ink, appearing to read 'M. Schaufelberger', followed by a horizontal line.

Martin Schaufelberger  
CEO

**COLTENE Business Model**

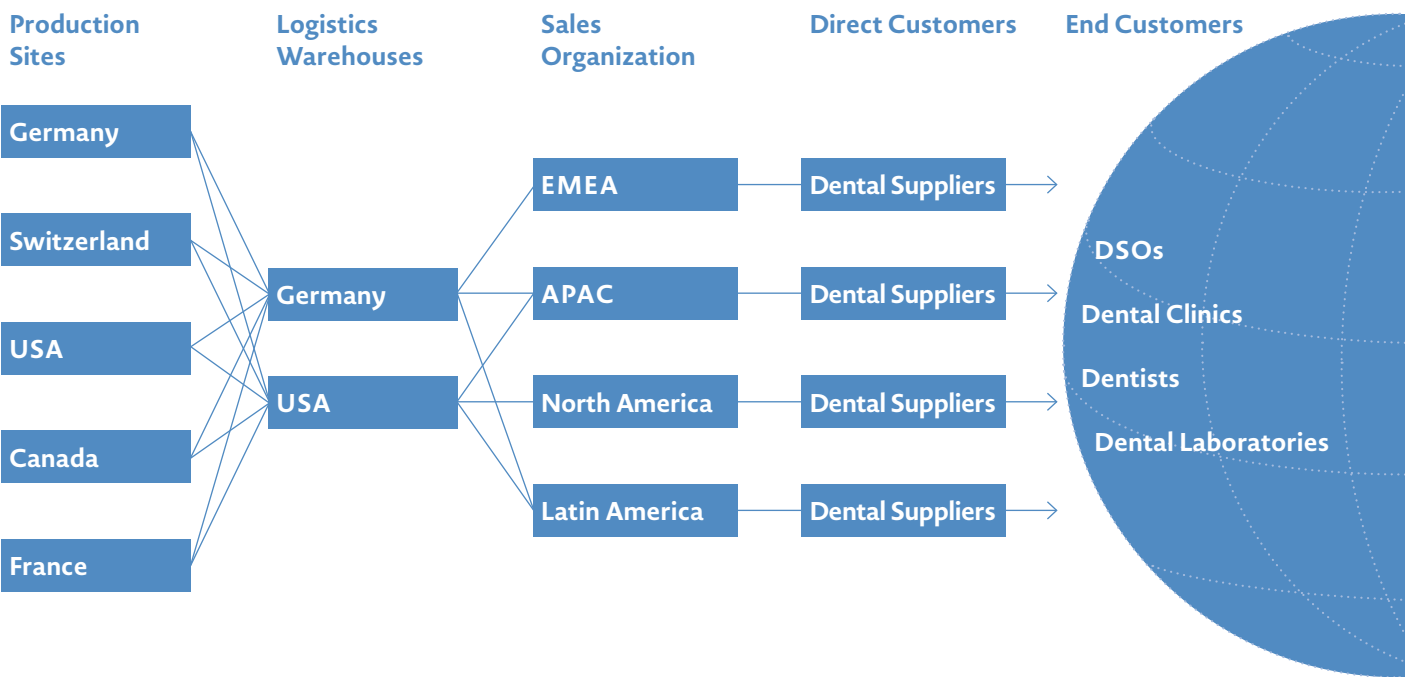
COLTENE develops, manufactures and sells dental consumables and small equipment for dental practices, DSOs, dental clinics and dental labs. The Group develops and makes its products at five state-of-the-art production sites in Europe and North America. It maintains 17 sales companies and employs a salesforce of more than 300 worldwide. COLTENE products are divided into three main groups: Infection Control, Tooth Preservation and Efficient Treatment. They cater to an extensive range of treatment types, from dental restoration and aesthetic dentistry to root canal treatment. In addition, they support dentists in reprocessing instruments and in adhering to strict protocols for instrument cleaning, disinfection and sterilization and hygiene in dental practices.

One part of the comprehensive product portfolio is designed to ensure efficient workflows in a great variety of dental procedures and treatments. The annual report provides an overview of the three product groups. The COLTENE Group sells its products to dental suppliers

worldwide. Products are shipped directly from the factory or from the warehouses in the US and Germany. In China, India and Japan, the Group also has marketing and sales organizations with their own warehouses.

End customers buy the products they need from dental suppliers worldwide.

In Europe and North America, COLTENE operates its own repair and service centers for device repairs and servicing (mainly ultrasonic cleaning systems and cleaning, sterilization and disinfection equipment for dental instruments). In various other countries, these services are provided by certified third parties. COLTENE’s salesforce visits and trains dentists in dental practices, in COLTENE training facilities and in various venues around the world, to ensure close contact with end users and provide multiple touch points. Universities and dentistry schools also receive field visits to establish contact with dentistry professionals in training



## Medical Applications

Under the EU Medical Device Regulation (MDR), COLTENE products are classified as Class 1, 2a or 3.

- Class 1 products such as absorbent cotton products are non-invasive products that have no impact on the human body and pose a low-level risk to patients.
- Class 2a products pose a medium-level risk, as some of them remain in the tooth after the procedure. The vast majority of products made and marketed by COLTENE fall under this category. Examples include composites and obturation and sealing materials, gutta-percha and paper points, diamond and carbide burs and, under the new MDR, also impression materials.
- Products that pose a higher risk to patients are classified as Class 3. These products are very important to human health or pose a particularly high risk of illness or injury. Examples include Gelatamp sponges. These are resorbable, well-tolerated products for safe disinfection and hemostasis (clotting) and are used in preventing infections and secondary bleeding in wound cavities after extractions.

Certification and technical documentation requirements vary by product class. All COLTENE Group sites are duly certified, and all products meet the registration requirements for the different markets. In this way the Group ensures global sales and distribution standards and the safe use of its products in patient care in compliance with official and regulatory requirements.

## Production

COLTENE operates five production sites worldwide, each with its own Research & Development (R&D) department. Each site specializes in different technologies and products, and all sites Group-wide are managed in a matrix organizational structure (see the “Corporate governance” section of this report). This ensures that synergies are exploited and that information flows across teams.

In Altstätten, Switzerland, COLTENE operates a plant specializing in developing and manufacturing the following products:

- Dental impression materials including C-Silicone and A-Silicone products
- Restorative products for innovative and proven aesthetic filling restorations and a wide range of adhesives and bonding agents
- Diamond burs for use in dental treatments
- Dental diamond and silicone polishers

In Langenau, Germany, COLTENE develops and manufactures:

- Endodontic products for root canal cleansing, drying and obturation
- Products for wound care and moisture and infection control
- Dental dam products to isolate teeth for treatment
- Occlusion control products

In Cuyahoga Falls, Ohio, USA, COLTENE has its largest production facility. The plant specializes primarily in mechanical manufacturing processes and makes a range of products, including:

- Root canal posts, carbide burs and root canal instruments
- Ultrasonic cleaning devices for instruments used in dentistry
- Polymerization lamps
- Ultrasonic cleaners to maintain dental hygiene

In Toronto, Canada, SciCan Ltd. makes cleaning, disinfection and sterilization products:

- Cassette autoclaves and chamber autoclaves
- Automated instrument washer-disinfectors
- Surface disinfection wipes

In Besançon, France, Micro-Mega SA makes the following range of products:

- Root canal instruments for various applications
- Irrigation solutions for safe root canal preparation
- Obturation and sealing materials

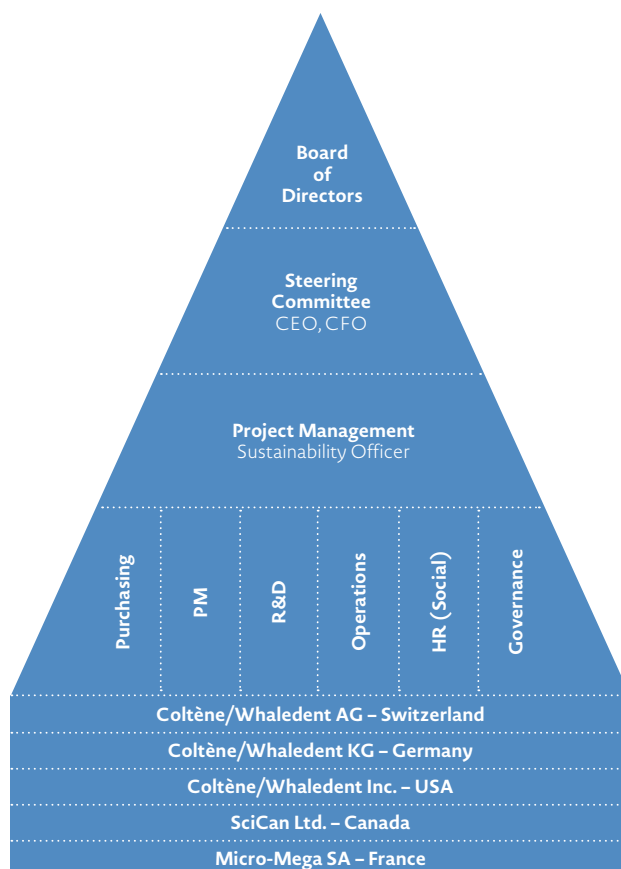
## Management Approach

Oral health and a radiant smile are associated with quality of life and personal wellbeing. COLTENE employees are proud to develop dental products that promote patient health and provide reliable and efficient solutions for dentists.

COLTENE stands for innovative products and services for use in professional, safe and efficient dental treatment procedures. The key to COLTENE's success is its employees. The Group recruits and promotes motivated and skilled employees with the aim of retaining them over the long term. By empowering its people to be self-starters and think outside the box, COLTENE creates a workplace environment that inspires successful innovation. Credibility, sincerity, trustworthiness and honesty are created by decisive action, responsible leadership and consistent performance.

Sustainability issues are top priorities at COLTENE, which is why, in 2022, the Group introduced a new organizational structure that anchors these issues strategically at Group level and introduces them into the sites with a view to strengthening structures in the sustainability area.

To promote the strategy development and ensure that sustainability issues are strategically relevant at the highest level within the Group, the issues that are material to COLTENE in various areas of sustainability are periodically added to the Board of Directors' agenda. Both strategic development and its implementation occur in close cooperation with the Steering Committee, which is made up of representatives of Group Management (including the CEO and CFO). The Sustainability Officer, supported by an external partner, ensures operational implementation in the Group functions, involving the stakeholders at all sites. Taking this approach allows COLTENE to establish strategic sustainability priorities throughout the entire Group and implement them in the operations of all Group companies. The Marketing & Communications unit provides communications support for this process.



This setup also guarantees that sustainability issues are addressed in a targeted manner, that COLTENE complies with legal requirements and that the corresponding non-financial reporting is further developed. To ensure satisfactory reporting on sustainability issues with significant KPIs, COLTENE will prepare its sustainability reports with its key stakeholders, including investors, dentists and patients in mind. In the process, COLTENE will maintain the approach of publishing its sustainability report as an integral part of the annual report.

### **Core Policies and Guidelines**

COLTENE adheres to the precautionary principle at every level of the organization. Decision-makers take precautionary measures in response to reasonable suspicions of problems, and take the interests of all stakeholders into account.

Core global policies and guidelines at Group level include the Articles of Incorporation of the holding company, the organizational regulations, the Code of Conduct, the accounting manual and the policy on signing and delegation of authority. These are complemented at a local level by determinations, directives and regulations specific to each country and cultural environment that COLTENE Group companies operate in.

Violations of these guidelines will be penalized and may result in termination of employment. Employees can report violations anonymously throughout the entire Group at any time. A web-based solution was introduced for this purpose. It is also available to external stakeholders, such as our customers or suppliers, on our Group website.

### **Implementation at Local Subsidiaries**

COLTENE maintains a Quality Management and Registration department at each of its production sites. These departments make sure that only duly certified medical devices come onto the market. Quality management and risk management functions are established at Group level and at every production site. All COLTENE manufacturing sites conform to the ISO 13485:2016 standard, as they develop and manufacture classified medical devices. At every site

where dental devices are developed and produced, risk management for medical devices complies with the ISO 14971:2019 standard.

With the introduction of the new organizational structure for issues around sustainability that are fundamentally important to COLTENE, the local subsidiaries will be strategically managed and will receive ad-hoc assistance from Project Management at Group level during the implementation process. In particular, this measure is also designed to raise awareness within the company.

At *Coltène/Whaledent AG in Altstätten, Switzerland*, sustainability is implemented on a project-by-project basis. One key priority is reducing electricity consumption, as the site is energy-intensive due to its manufacturing processes. With support from an external consultant, the site has managed to considerably reduce its electricity use over the past eight years. In 2021, solar panels were installed to generate about 150 MWh of power annually, covering about 15 % of the site's electricity use. COLTENE's plans for 2023 include installing more solar panels that are capable of producing around 225 MWh of electricity per year, which will cover about a quarter of the site's electricity needs. This would mean that from the end of 2023, around 40 % of the Altstätten site's electricity demands would be covered by its own renewable energy source.

The site has the necessary permits and facilities to ensure that the small amounts of hazardous substances used in production pose no risk to human or environmental health. To improve workplace safety, employees receive regular training with assistance from external agencies such as the Swiss National Accident Insurance Fund (SUVA).

Measures for improvement were identified and implemented in 2022 based on an employee survey conducted at the end of 2021. The employee survey is now conducted annually, most recently in December 2022, with the aim of bettering our understanding of our employees' needs and, with the involvement of our employees, continuously improving both working conditions and the work environment.

At the COLTENE plant in Langenau, Germany, sustainability issues are coordinated and monitored by the responsible person in consultation with management. In 2022, the calculation of the carbon footprint according to the Greenhouse Gas (GHG) Protocol was drawn up and performed for 2021. Greenhouse gas emissions were reported for Scopes 1, 2 and 3. Scope 3 is limited to indirect emissions from corporate processes and consumables. A variety of energy and employee mobility measures were subsequently taken in 2022 to reduce CO<sub>2</sub> emissions. Additional measures are also planned for the future. Work on circular economy concepts is ongoing in parallel with this. Annual employee satisfaction surveys gather feedback on metrics such as job satisfaction, remuneration, work-life balance, communication, sustainability and more, and provide the basis for continuous improvement measures.

Coltène/Whaledent Inc. in Cuyahoga Falls, Ohio, USA, is committed to contributing to a sustainable future and improving the social, economic and environmental wellbeing of the company and the communities that it operates in. The company uses targeted strategies to improve the social and economic conditions of its employees and to reuse raw materials, reduce waste and recycle. In addition, the company participates in community-based initiatives that benefit citizens and local communities.

Annual employee surveys generate feedback on important social issues that form the foundation of continuous improvement actions. The various sustainability aspects are handled by a number of people in the company. For example, the Safety Coordinator is responsible for environmental sustainability, a designated HR person for social sustainability, and another employee for diversity and inclusion. There is also an Employment Engagement Committee and a Diversity Advisory Council in the company.

The US production site is represented in various local bodies such as the local and regional chambers of commerce, the Akron Chamber Equity and Inclusion Leadership Committee and the City of Akron Racial Equity and Social Justice Taskforce. At national level, the site is represented in the Dental Trade Alliance and in the Organization for Safety, Asepsis and Prevention (OSAP).

The SciCan Ltd. manufacturing site in Toronto, Canada, addresses sustainability through projects driven by R&D, Industrial Engineering and the Health and Safety Committee. In 2022, sustainability-related projects included, but were not limited to, the following:

- Incorporating hybrid work models to increase flexibility for employees and help reduce road traffic.
- Installing bike racks to promote Bike to Work schemes. In addition to reducing greenhouse gases, these measures also aim to promote employee health.

The Health and Safety Officer is responsible for sustainability issues, while the HR Director oversees social and governance matters.

The Canadian plant is certified to Workplace Safety and Insurance Board (WSIB) standards, ensuring that the subsidiary maintains high workplace safety standards. The plant also duly complies with applicable ISO and North American standards for the production of autoclaves and is a member of various national and international federations, associations and working groups in the dental industry.

Micro-Mega SA in Besançon, France, became a signatory to the United Nations Global Compact (UNGC) with its Ten Principles and Sustainable Development Goals. The company also signed up to the Impact France Movement's manifesto on environmental issues. At the end of 2022, Micro-Mega SA registered for its second EcoVadis sustainability assessment and scored a silver rating, as it had in 2021. Scoring 60 points out of a maximum possible 100, Micro-Mega SA rates among the progressive companies in the sector and ranks among the top 9 % of medical and dental device manufacturers with an EcoVadis rating. The result of the rating is being analyzed, and improvement measures are being integrated into the sustainability projects.

For several years now, Micro-Mega SA has run numerous projects aimed at improving sustainability in various areas, using the quality management system to manage them and monitor their progress. The most senior Quality Manager coordinates and plans the measures. The purpose of these projects is to:

- Step up actions to improve energy efficiency
- Develop ecological product designs
- Increase the share of sustainable local suppliers
- Foster employee wellbeing in the workplace
- Guarantee gender equality

### Stakeholders and Stakeholder Interaction

Back in 2021, COLTENE identified the relevant stakeholder groups and surveyed a number of them, focusing on sustainability. The stakeholder groups surveyed and their channels of interaction with COLTENE are detailed below.

#### Employees

Based on a new survey, which will be regularly conducted in the future, employees also confirmed that they were concerned about sustainable corporate management.

Employees felt it is important for COLTENE to conduct its business in line with environmental sustainability criteria and to monitor, audit and promote these criteria along the entire value chain. Employees were also in favor of COLTENE investing in reducing its environmental footprint. Actions suggested to that effect included using renewable energy sources, reducing waste and consumption of materials, promoting recycling and investing in more sustainable production inputs.

Social sustainability at COLTENE was found to be equally important to the employees surveyed. Some of the actions they identified as effective in advancing social sustainability included offering flextime options, promoting continued education and training, scope for individual action and interesting job content, including employees in decision-making and ensuring gender pay equality.

#### Stakeholder interaction channels

- Annual employer-employee talks
- Employee surveys (at local site level)
- Works council (employee representative council)
- Intranet
- Employee communications
- Employee events
- Management by Objectives (MBO) processes

COLTENE offers employees various online training modules and programs. Topics include health, safety, violence and harassment in the workplace, and internal policies and guidelines. Role-specific training is managed by the relevant department and is assigned and documented by means of a training matrix. The training database is audited annually, and HR monitors all the entries that departments make.

All Group companies also support staff development by means of career-related continued education and training and regularly offer in-house training programs. Each production site provides electric vehicle charging stations, which are free of charge for employees to use. Various events are held every year throughout the COLTENE Group for all employees as a way to encourage interaction, communication, socializing and sports and recreation outside of work. All employees are briefed regularly on business performance, strategy and operational and social issues. In these forums, employees have the opportunity to ask questions and exchange views with management.

The COLTENE Group complies with the statutory requirements for employee social security and pension benefits at all of its sites. At the main production sites, additional benefits are provided as follows:

*Coltène/Whaledent AG, Altstätten, Switzerland:* Employees are exempt from paying premiums for non-occupational accident insurance and daily sickness benefits insurance. Benefits paid under the mandatory pension plan exceed the statutory minimum benefits. Additional leave days are granted according to age and seniority (years of service), and employees receive gifts on major work anniversaries.

*Coltène/Whaledent GmbH + Co. KG, Langenau, Germany:* In addition to the company pension plan, the company also supports the capital accumulation benefit scheme. Employees can build up savings capital, augmented with employer contributions. The savings may be drawn for a variety of purposes.

*Coltène/Whaledent Inc., Cuyahoga Falls, Ohio, USA:* The employer contributes to a life insurance policy and offers various discounts on health and dental insurance

plans. In addition to further fringe benefits, the subsidiary pays contributions to a pension plan and offers extra paid leave days according to seniority (years of service).

*SciCan Ltd., Toronto, Canada:* The subsidiary offers various discounts on health and dental insurance and other employee benefits, including contributions to a pension plan. Employees are awarded extra days of paid leave according to their seniority (years of service), and the company provides subsidized meals and refreshments at a cafeteria.

*Micro-Mega SA, Besançon, France:* The subsidiary co-finances employee health insurance premiums. It fully covers contributions to an employee health plan that provides benefits for long-term inability to work due to illness and life insurance in the event of death. The subsidiary co-finances a pension plan and supplementary pension benefits.

### **Direct Customers: Dental Suppliers**

By teaming up with dental suppliers for regular field visits to dentists, COLTENE caters to the needs of patients and medical professionals.

#### *Stakeholder Interaction Channels*

- Personal contact and field visits with end customers
- Newsletters and social media
- Trade shows
- Trade publications

### **End Customers: Dentists, Dental Practices, and Dental Service Organizations (DSOs)**

COLTENE employs some 300 sales representatives, and most of them visit dentists daily in practices, dental clinics, universities and dentistry schools. Feedback from these representatives is collected and analyzed in a customer relationship management (CRM) system and provides valuable input for the continuous improvement of products and services. Information on product usage and product quality is also collected and feeds into the same continuous improvement process.

Based on in-depth dialog with our end customers, COLTENE put together also an easy-to-follow visual overview of the three key dental processes – instrument reprocessing, endodontics and dental restoration – and linked them to the extensive portfolio of COLTENE products. This modular concept provides the basis for internal training programs for sales representatives, and for additional communication measures aimed at dentists, such as interactive graphics and brochures.

In a 2021 survey, COLTENE evaluated different dentists' needs and expectations relating to sustainability. The survey was conducted online and over the phone with 30 dentists. Of these, nearly 90 % said they were interested in more environmentally sustainable dental industry products.

#### *Stakeholder Interaction Channels*

- Personal contact
- Trade shows
- Social media
- Customer service
- Customer events
- Trade publications
- Partnerships with key opinion leaders
- Courses and training programs

### **Patients**

At COLTENE, patient safety comes first. New and advanced versions of COLTENE products and services are conceived and developed with patients' needs in mind.

In 2021, COLTENE surveyed a random sample of some 80 patients of all ages on the topic of sustainability. Those under 40 said that, if given a choice, they would generally prefer dentists using more environmentally sustainable materials. The survey also revealed that this stakeholder group wishes to know more about the sustainability of dental products.

#### *Stakeholder Interaction Channels*

- Patient surveys
- Patient safety procedures

## Investors

In collaboration with a student of the University of St. Gallen, COLTENE investigated the interests of this stakeholder group in sustainability dimensions.

The results showed that investors, too, are increasingly paying attention to sustainability criteria. The investors surveyed also cited governance as a key factor in their investment decisions. Access to more non-financial information is a must-have for this stakeholder group, the research found.

In response, COLTENE has again expanded the Sustainability chapter and enhanced transparency, and plans to continue adding to this chapter each year.

### *Stakeholder Interaction Channels*

- Annual General Meeting (AGM)
- Annual media conferences and semi-annual conference calls
- Conferences attended in 2022: Investora, Credit Suisse Equity Forum and Baader Helvea Swiss Equities Conference
- Investor meetings organized by banks and brokers
- Direct talks with investors, analysts and proxy advisors
- Lunch meetings with analysts and investors
- Media days

## Suppliers

COLTENE has a global network of suppliers, and prioritizes sustainable, long-term partnerships with them, as it does with all its stakeholders. When selecting suppliers, COLTENE pursues a zero tolerance policy with respect to child labor, modern slavery and human rights abuses. In the future, it plans to introduce a Supplier Code of Conduct that suppliers must comply with.

### *Stakeholder Interaction Channels*

- Code of Conduct
- Vendor assessments
- Continuous contact through procurement (sourcing and purchasing) departments
- Networking at industry events and trade shows

## Regulators / Industry and Representative Bodies

Regulators as a stakeholder group include government agencies such as health, tax and environmental authorities. In addition to complying with legislation, meeting safety and environmental standards worldwide is of the utmost priority to COLTENE. COLTENE does not engage in active lobbying and instead uses its voice in industry and representative bodies to advocate for a business-friendly market environment. This means lowering or removing existing barriers to trade and avoiding new ones. COLTENE is committed to paying taxes wherever it operates sites and contributing to local development.

The COLTENE Group and each of its subsidiaries worldwide are members of a very diverse range of industry bodies and groups in the dental sector.

## Local Communities

Contributing to the prosperity of its business locations is a key pillar of COLTENE's business philosophy. COLTENE is committed to each of its locations, working to keep local jobs and stimulating new jobs and career training opportunities.

COLTENE maintains a variety of partnerships with local universities and technical colleges/universities of applied sciences. For example, Micro-Mega SA has partnered with the University of Lorraine (Faculty of Endodontics, Nancy campus) in France.

### *Stakeholder interaction channels*

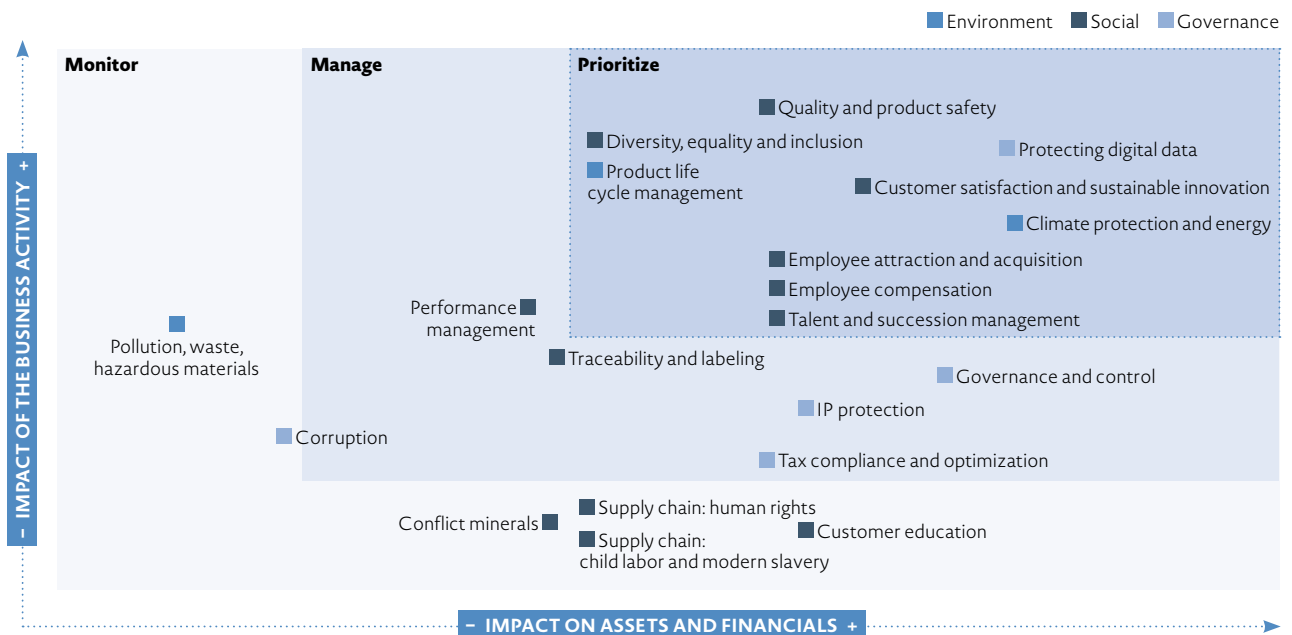
- School presentations
- Open days
- Guided tours
- Partner networks of universities and training institutions
- Corporate citizenship and philanthropy (products provided free of charge for student volunteer programs in emerging economies)
- Donations to social institutions in lieu of customer gifts

## Materiality Analysis

The materiality analysis, which identified the sustainability issues that are important to COLTENE, forms the starting point of the sustainability strategy. The materiality analysis was conducted together with an external partner and based on the results of various stakeholder interactions. While numerous sustainability issues affect the COLTENE Group, a long list of issues was prioritized to a short list of 20 issues using insights from stakeholder communications in the course of workshops, surveys and other interactions. These issues were then categorized into clusters (Monitor, Manage and Prioritize). The opportunities and risks arising from the 20 selected issues were

assessed using the double materiality approach, that is, according to the influence that COLTENE has on the issue (inside-out view) and how the business is affected by the issue (outside-in view). The resulting findings about the material issues are presented in the matrix below. COLTENE will formulate goals, measures and collect specific KPIs (where possible based on existing standards such as those formulated by the GRI) for the material issues defined in this way.

Overall, this analysis helps COLTENE to better understand the impact that issues have on the business and, by using KPIs, helps to manage sustainability risks in a more focused manner.



## Ecological Factors

### Research & Development, Materials

Research & Development involves evaluating the operation, performance, safety and usability of a product throughout its design life cycle, from the earliest development stages to the finished item in use, its environmental impact and recycling and disposal. Packaging is standardized and reduced to an absolute minimum wherever possible and is partially made from biodegradable materials. Due to the regulatory requirements for storing or using medical devices, it is not always possible to choose the most environmentally friendly packaging option. COLTENE adopts environmentally sustainable manufacturing processes and evaluates products for potential reuse in dental practices, for example by means of sterilization processes for dental burs and root canal instruments.

In general and in its manufacturing and research activities in particular, COLTENE's impact on the environment is low.

The main material groups used in manufacturing processes are the following:

- Hygiene and treatment aids: plastics, metals, textile fibers, cotton, cleaning solutions
- Endodontic products: nickel titanium (NiTi) metal, plastics, paper
- Restorative materials: polyamide matrix with glass filler
- Impression materials: silicone oils, fillers
- Rotating instruments: steel, nickel titanium (NiTi) metal, diamonds
- Operating materials: water, cleaning agents, galvanic bath solutions, paper

COLTENE strives to reduce its consumption of resources further each year. Full compliance is maintained with all local rules on the storage and disposal of toxic or hazardous material and untreated wastewater. This is handled by authorized specialist contractors in each country. Metals and other materials are recycled wherever possible.

## Environmental Data






COLTENE began publishing environmental data in 2015. The data is gathered and analyzed in a largely standardized process. Electricity and water use are based on actual consumption as invoiced in the relevant utility bills. Oil use is calculated by subtracting inventories remaining from oil purchases as documented by invoices. The conversion of energy into carbon emissions takes into account country-specific energy factors. For the 2023 financial year, COLTENE plans to calculate its carbon footprint using Greenhouse Gas (GHG) Protocol tools for the first time.

Recycling data is gathered from invoices, and itemized documentation is provided by local recycling contractors.


In 2022, the consumption of electricity, heating oil and gas was down on the previous year – firstly due to the CO<sub>2</sub> reduction measures introduced and secondly due to the slightly lower utilization of production capacities. Water consumption increased in the year under review, mainly due to a slight change in the product mix. All wastewater from COLTENE sites is discharged through wastewater treatment plants. In other words, the volume of wastewater discharged is the same as that of the clean water used. Waste reduction measures also made an impact in 2022, with the volume of waste again reducing significantly compared with the previous year. Indirectly, this also meant a reduction in the amount of materials recycled.

In 2021, the Altstätten plant had solar panels installed on its rooftop to generate about 150 MWh of power annually, which can cover approximately 15 – 20 % of the site's electricity needs going forward. COLTENE plans to have additional solar panels installed in 2023, so that in future around 40 % of the Altstätten site's energy needs can be covered.

## Environmental Data by COLTENE Group Plant

Input	unit	2020	2021	2022	Delta 2022/2021		Output	unit	2020	2021	2022	Delta 2022/2021
Electricity	MWh	834	936	958	2%	 Germany	CO <sub>2</sub>	t	806	934	859	-8%
Oil	t	-	-	-	n. a.		Recycling	t	62	85	63	-26%
Gas	1000 m <sup>3</sup>	99	121	90	-26%		Waste	t	34	42	29.1	-31%
Water	m <sup>3</sup>	1 934	1 959	1 569	-20%		Wastewater	m <sup>3</sup>	1 934	1 959	1 569	-20%
Electricity	MWh	1 020	1 291	1 182	-8%	 Switzerland	CO <sub>2</sub>	t	293	388	264	-32%
Oil	t	35	53	24	-55%		Recycling	t	50	51	52	2%
Gas	1000 m <sup>3</sup>	4	-	-	n. a.		Waste	t	117	149	119	-20%
Water	m <sup>3</sup>	6 349	11 918	15 311	29%		Wastewater	m <sup>3</sup>	6 349	11 918	15 311	29%
Electricity	MWh	2 884	2 963	2 766	-7%	 US	CO <sub>2</sub>	t	2 147	1 901	2 122	4%
Oil	t	-	-	-	n. a.		Recycling	t	49	53	63	19%
Gas	1000 m <sup>3</sup>	94	94	113	20%		Waste	t	31	37	38	3%
Water	m <sup>3</sup>	5 609	5 122	6 988	36%		Wastewater	m <sup>3</sup>	5 609	5 122	6 988	36%
Electricity	MWh	1 072	1 391	1 319	-5%	 France	CO <sub>2</sub>	t	286	375	320	-15%
Oil	t	7	11	0	-100%		Recycling	t	20	29	23	-21%
Gas	1000 m <sup>3</sup>	46	59	56	-5%		Waste	t	16	14	122	-14%
Water	m <sup>3</sup>	1 465	1 721	1 405	-18%		Wastewater	m <sup>3</sup>	1 465	1 721	1 405	-18%
Electricity	MWh	1 065	1 115	1 096	-2%	 Canada	CO <sub>2</sub>	t	548	584	563	-4%
Oil	t	-	-	-	n. a.		Recycling	t	87	38	38	0%
Gas	1000 m <sup>3</sup>	89	97	92	-5%		Waste	t	382	204	140	-31%
Water	m <sup>3</sup>	6 153	7 744	8 640	12%		Wastewater	m <sup>3</sup>	6 153	7 744	8 640	12%

## Environmental Data of All COLTENE Group Plants Combined

Input	unit	2020	2021	2022	Delta 2022/2021		Output	unit	2020	2021	2022	Delta 2022/2021
Electricity	MWh	6 875	7 696	7 321	-5%	 COLTENE Group	CO <sub>2</sub>	t	4 079	4 181	4 129	-1%
Oil	t	42	64	24	-62%		Recycling	t	268	255	239	-7%
Gas	1000 m <sup>3</sup>	332	371	350	-5%		Waste	t	579	446	338	-24%
Water	m <sup>3</sup>	21 510	28 464	33 913	19%		Wastewater	m <sup>3</sup>	21 510	28 464	33 913	19%

### Supply Chain – Metals and Ecological Factors

Some models of the dental burs COLTENE makes are plated with precious metals. Minimal quantities of gold and platinum are used for this purpose. The suppliers of these metals certify that they are able to trace their products throughout their supply chain and that they are members of the Responsible Minerals Initiative. COLTENE produces neither dental implants nor amalgam fillings. As such, it does not use significant amounts of titanium metals, lead or manganese. COLTENE uses no mercury whatsoever, nor does it buy or use tungsten or tantalum.

The company uses negligible amounts of lead-free solder that is sourced from a Swiss supplier and that, according to the manufacturer's information, complies with both Directive 2011/65/EU and Germany's Electrical and Electronic Equipment Act (ElektroG). This makes COLTENE's products compliant with the Restriction of the Use of Certain Hazardous Substances in Electrical and Electronic Equipment (RoHS) Regulations.

Making activators for C-Silicone requires significant amounts of production inputs that contain tin compounds. These take about 2.5 metric tons of tin a year to produce.

The ISO 13485:2016 standard requires a process to periodically assess suppliers. Major suppliers are reassessed at least once a year. In the year under review, the supply chain underwent no significant changes, and the supplier audits revealed no material non-compliance issues. Internal requirements placed on suppliers are met even when there are problems with delivery.

### Social Factors

#### Employees – Workplace Health and Safety

Official workplace safety regulations and inspections apply in every country where COLTENE operates production sites. Each site appoints safety officers to coordinate and implement the associated issues. These officers have received local training and certification in workplace safety.

Sites where devices with electrical and electronic components are developed and manufactured are compliant with the RoHS Regulations. The RoHS Regulations restrict the use of certain hazardous substances in electrical and electronic devices.

In *Altstätten*, the site safety plan is audited twice a year. Any occupational accidents reported are reviewed to determine their cause, and appropriate measures are implemented.

At the *Cuyahoga Falls* site, all workplace accidents are reviewed and reported. Safety training sessions are held regularly, and employees are encouraged to make suggestions to improve safety.

In *Toronto*, workplace inspections take place monthly in accordance with local requirements. Workplace health and safety meetings are held four times a year.

In *Langenau*, an external service provider has been contracted to enforce and monitor compliance with work-place safety regulations. Meetings and site visits are conducted on a regular basis. In addition, the workers' compensation board acts in a supervisory and advisory capacity on matters relating to workplace safety.

At the *Besançon* site in France, employees benefit from a monthly workplace health and safety magazine and various measures and systems ranging from ergonomics to risk assessments and reports by the occupational health practitioner for the site.

#### Accident statistics: occupational accidents at manufacturing sites and sales organizations (per 100 employees)

	2022	2021
Coltène/Whaledent AG, Switzerland	3.7	1.7
Coltène/Whaledent GmbH + Co. KG, Germany	1.2	3.1
Coltène/Whaledent Inc., USA	0.9	0.9
SciCan Ltd., Canada	3.9	2.7
Micro-Mega SA, France	6.5	2.1
Other sites	0.5	0.5
<b>Total</b>	<b>2.4</b>	<b>2.0</b>

In total, there were around 2.4 occupational accidents per 100 employees in 2022. The number of occupational accidents increased slightly compared with the previous period due to a rise in the number of minor accidents at the site in France. None of the accidents in the year under review resulted in lasting health issues or prolonged work absences. After any accident, the local Workplace Safety Officers investigate whether additional prevention measures are required or workstations and processes can be modified to improve safety.

### Protection from Coronavirus

COLTENE set up an internal crisis task force at the start of the pandemic. The task force at Group level was recruited from members of Group Management, while at the local level it includes each site's general manager, safety officer, quality and regulatory manager, production manager, HR manager, and additional personnel as appropriate. These teams ensure that local official regulations are followed at all times and that site-specific measures are put in place. These teams continuously reassess the situation and provide updates to the entire workforce via bulletin board notices and internal means of communication. Employees also receive prompt updates on important changes and health and safety measures following decisions by local authorities.

### Employee turnover rate

The employee turnover rate Group-wide was about 19.6% in 2022. The higher rate compared to the previous year is due to organizational changes and skills shortages on the labor market. The goal is to significantly reduce the turnover rate over the course of the coming years.

#### Statistics (employees of all COLTENE Group companies)

	2022	2021
Total employees (in full-time equivalents)	1 221	1 242
thereof percentage of men	52%	52%
thereof percentage of women	48%	48%
thereof part-time employees	4%	4%
Total managerial positions	14%	14%
thereof percentage of men	72%	71%
thereof percentage of women	28%	29%

### Diversity

On the COLTENE Group Board of Directors, the average age is 57.5 and two of the seven members are women (29%). No women are currently represented in Group Management, which also numbers seven members. Within the COLTENE Group, women occupy nearly 30 % of managerial positions at team management level or higher. In the overall workforce, men and women are represented in near-equal numbers, at a ratio of 48 % to 52 %. For COLTENE, employee diversity and equal gender representation are important.

At the Langenau site in Germany, this is the responsibility of a Gender Equality Officer. In France, where monitoring through the Gender Equality Index is mandated by law, Micro-Mega SA scored 92 out of 100 points (as of February 2022). The COLTENE site in Cuyahoga Falls in Ohio, USA, issued a Diversity, Equality and Inclusion statement in 2020 and continuously participates in events related to these topics.

In 2021, the Altstätten site conducted the mandatory gender pay gap analysis. The analysis covered the salaries of 196 employees, of whom 111 (56.6 %) were women and 85 (43.4 %) men. Coltène/Whaledent AG successfully passed the pay gap analysis.

### Governance Factors

#### Quality Management and Risk Management

In Europe, COLTENE is subject to the Medical Device Regulation (MDR). In the US, COLTENE products are regulated by the Food and Drug Administration (FDA) and elsewhere, by the medical device regulations in each jurisdiction. COLTENE is certified to ISO 13485:2016 at all its manufacturing sites. Production adheres to standard operating procedures (SOPs). These define sets of prescribed steps to be followed in Production, Quality Management and Registration, but also in R&D and in support processes such as Human Resources (HR). COLTENE relies on SOPs to ensure that each step in a production process and all components, raw materials and supplies meet applicable government and regulatory requirements, and that products are fully traceable.

Local teams continuously monitor local applicable law for changes to requirements and implement these updates. In addition, risk assessments are created and performed through the medical device regulations for products and processes. Measures are defined and implemented for the mitigation of all high and upgraded risks.

Once on the market, products and their usage in the market are monitored on an ongoing basis (post-market surveillance). This allows information and conclusions to be gathered for continuous product improvement, which feed into internal processes.

Insurance policies are taken out as necessary for any risks against which it is mandatory or reasonable to insure. “Umbrella policies” exist at Group level to cover significant risks and include commercial third-party liability and product liability insurance, property and transport insurance and more. These policies cover the relevant risks at Group level for all legal entities of the COLTENE Group. For more details on Group-level risk management, see the “Corporate governance” chapter. The production sites are audited annually by an accredited notified body for full legal and regulatory conformity. Any nonconformities found are promptly rectified, and their rectification is monitored by this notified body. This ensures that the COLTENE Group is compliant with legal and regulatory requirements governing its products, services and processes.

### **Code of Conduct and Preventing Corruption**

COLTENE maintains a Group Code of Conduct. Code of Conduct training is mandatory for all new hires. Training materials are provided in all major languages spoken in the COLTENE Group. The training content covers topics as follows:

- *Compliance with laws and regulations – ethical behavior:* COLTENE employees must comply with local laws and regulations. They shall be respectful toward people of different cultural, religious and ethnic backgrounds and affirm their human dignity. The privacy and personal freedom of others warrant special protection, and neither discrimination nor harassment will be tolerated.
- *Conflicts of interest:* Employees shall not put themselves in any situation in which their personal or financial interests may conflict with their business interests.
- *Bribery and corruption:* No COLTENE company or employee shall offer any undue monetary or other advantage to business partners. Cash gifts are strictly prohibited at all times, and agreements with business partners (such as suppliers, customers or consultants) shall not be used to make payments that circumvent COLTENE policies on bribery and corruption.
- *Antitrust compliance:* COLTENE is committed to fair and open competition. Any violation of competition laws is prohibited.
- *Disclosure and records:* All business transactions must be recorded in accordance with applicable law and local and COLTENE accounting principles. All email correspondence shall be retained as permanent records to permit tracing controversial cases any time.
- *Confidentiality and protection of intellectual property:* Internal information must be treated as confidential. This applies to COLTENE trade secrets and business activities; proprietary information, technologies and other intellectual property; COLTENE’s financial position, customers, suppliers, business partners, contracts, etc. Employees have a duty to keep company information confidential within and outside their workplace. This duty continues after employment ends.
- *Environment, health and safety (EHS):* All COLTENE Group sites everywhere are committed to safeguarding the health and safety of their employees and protecting the environment, and comply with all applicable laws and regulations and internal directives.
- *Sustainability in supplier management:* This means taking the following criteria into account when making sourcing decisions: cost effectiveness, technologies and processes, social and environmental considerations, protecting human rights, fighting corruption and protecting the environment.

Any breach of the Code of Conduct will result in disciplinary action appropriate to the severity of the breach, up to and including termination of employment. Employees have the option of reporting any violations of the Code of Conduct or of applicable law, either at Group level by notifying the CFO or within their local organization by contacting their line manager or HR. Additionally, the existing whistleblower hotline was made available to all COLTENE companies in 2022, meaning that employees throughout the Group will be able to anonymously report violations of the Code of Conduct from 2023 onward.



Sales – a long-term partnership



# “Being close to Customers makes us a reliable long-term Partner”

For our field staff, the focus is customer value. Thanks to centralized data processing, our field staff go into consultations as long-term partners – well informed, with a goal in mind and a focus on quality. This helps dentists to run their practices to deliver the best possible patient care.

**Frédéric Garde**  
Sales Director (Western Europe)  
Coltène/Whaledent AG, Switzerland



# Corporate Governance

## COLTENE Holding AG

**This chapter describes the principles of corporate governance applied at Group and Senior Management level within the COLTENE Group. Good corporate governance safeguards the sustainable development and performance of the company. COLTENE is committed to openness and transparency and provides information on structures and processes, areas of responsibility and decision procedures, as well as rights and obligations of various stakeholders. The main elements are contained in the Articles of Incorporation and Organizational Regulations, and are based on the SIX Swiss Exchange guidelines. The compensation report is published separately in this Annual Report. All information is valid as at 31 December 2022, 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

The 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.

COLTENE Holding AG, headquartered in Altstätten, Switzerland, is the only listed company of the COLTENE Group. COLTENE Holding AG's registered shares (security no. 2.534.325, ISIN CH0025343259, symbol CLTN) are quoted on SIX Swiss Exchange. On 31 December 2022, the market capitalization amounted to CHF 455.3 million (previous year CHF 671.7 million). All Group companies are ultimately owned at 100 % by COLTENE Holding AG.

On 1 January 2021 Coltène/Whaledent AG, Altstätten, has acquired assets and liabilities from Kenda AG in Vaduz (owned by COLTENE Holding AG), through an asset deal, and SciCan Medtech AG, Zug, was merged with Coltène/Whaledent AG in Altstätten.

Information on the companies belonging to the COLTENE Group, which are not listed, is shown on page 111 of the Financial Report.

#### Major Shareholders

As of 31 December 2022, there were 2 185 shareholders (previous year: 2 020) entered in the share register and COLTENE received notification that 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 1 339 541 registered shares. These equals voting rights of 22.42 %. 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 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 with regard to COLTENE shares.

Rätikon Privatstiftung, Bludenz, Austria, held 735 138 registered shares. These equals voting rights of 12.30 %. 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.

Robert Heberlein, Zumikon, Switzerland, held directly and indirectly through Burix Beteiligungen AG, Zurich, which he controls, 248 093 registered shares, representing 4.15 % of the voting rights.

Credit Suisse Funds AG, Zurich, Switzerland, held 193 188 registered shares or 3.23 % of the voting rights.

UBS Fund Management (Switzerland) AG, Zurich, Switzerland, held 186 780 registered shares or 3.18 % of the voting rights.

All other shareholders held a stake of 37.44 % of the voting rights of COLTENE Holding AG. The Company held 568 treasury shares amounting to 0.01 % (previous year: 0.00 %) at the balance sheet date. Shares pending registration of transfer amounted to 14.97 % (previous year 16.91 %) of the total as at 31 December 2022.

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, consisted of Markus Abderhalden, CFO, who acted also as deputy CEO,

Stefan Helsing, COO, Martin Schlüter (Vice President R&D/Innovation), Werner Barth, Vice President Product Management/Group Marketing, Paul Frey (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*

Markus Abderhalden (born in 1979 and a Swiss citizen), was appointed to succeed Gerhard Mahrle as Chief Financial Officer of the COLTENE Group from 1 January 2022. He brings solid industry experience in finance roles and many years of experience as an auditor. He joined COLTENE from the DGS Group where most recently he was CFO.

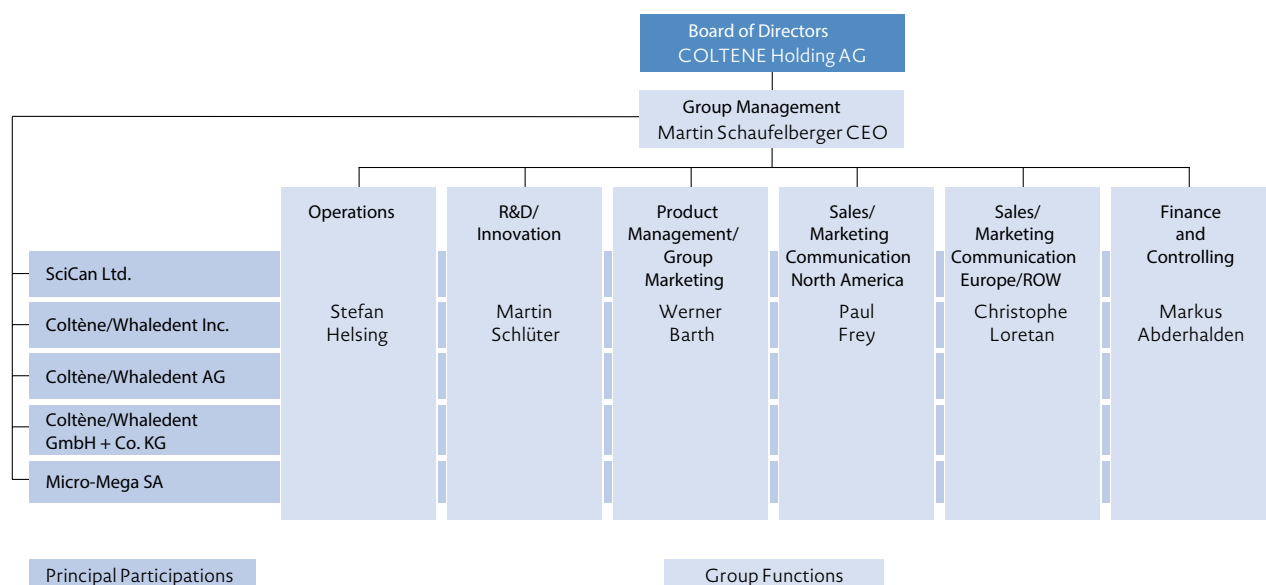
With effect from 1 January 2022, Paul Frey (age 47), Vice President Sales & Marketing Communication North America, was appointed to Group Management. Paul Frey is a US citizen and brings many years of experience in the dental industry to his roles. He previously worked for Kulzer Dental in North America. Based in the US, Paul Frey oversees the COLTENE Group's largest market from his home country. He joined the COLTENE Group in October 2021.

Stefan Helsing will step down from his position as Chief Operating Officer at the end of March 2023 due to retirement. Gregor Picard (52 years old, German citizen) has been appointed as successor and will take up his new position on 1 April. He has many years of experience in the dental and automotive industries. Most recently, he worked for the KaVo Group as Vice President Operations. Prior to that, he held various senior operations positions within VDW and Autoliv in Germany.

#### *Group Structure and Group Management Organization*

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 in this report.

Group structure and management organization of the COLTENE Group as per 1 January 2023:



## 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 to 7 of this report.

## Capital

Details on the capital are included in the COLTENE Holding AG's financial statements on pages 116 and 117.

## Authorized or Conditional Capital

COLTENE Holding AG has no authorized or 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.

## Changes in equity

In CHF 1000	31.12.2022	31.12.2021	31.12.2020
Share capital	598	598	598
Statutory reserves	120	120	120
Capital contribution reserve without foreign reference	49 983	49 983	49 983
Capital contribution reserve with foreign reference	55 273	74 988	92 913
Capital contribution reserve	105 256	124 971	142 896
Reserves for treasury shares	-45	-8	-2
Net income brought forward	39 823	36 639	29 061
<b>Total</b>	<b>145 752</b>	<b>162 320</b>	<b>172 673</b>

Based on the Annual General Meeting's decision on 21 April 2022, the Company distributed a dividend of CHF 3.30 (previous year CHF 3.00) per share paid out to its shareholders on 27 April 2022, from capital contribution reserves with foreign reference. The total amount paid was TCHF 19 716 (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.

The shares of COLTENE Holding AG are traded in the Swiss Reporting Standard and are part of the indices of the SPI family as well as of the SXI Life Sciences and SXI Bio+Medtech index at the SIX Swiss Exchange in Zürich. Since 1 February 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 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.

The Board of Directors shall register nominees as shareholders with voting rights in the share register up to a maximum of 3 % of the total share capital outstanding at the time. Above this limit of 3 %, the Board of Directors decides on a case-by-case basis, provided such nominee declares that it will disclose the names, addresses, nationalities, and shareholdings of the

persons for which it holds 0.5 % or more of the total share capital outstanding at the time. In 2022, the Board of Directors has not registered any nominees with voting rights exceeding 3 %.

#### **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 31 December 2022, the Board of Directors of COLTENE Holding AG consisted of seven members. The Articles of Incorporation stipulate a minimum of five and in the maximum nine members.

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 2022, the law firm Lenz & Staehelin, Zurich, where the board member Astrid Waser is partner, received CHF 12 000 (2021: CHF 43 000 and 2020: CHF 27 000) for legal advice. In 2022, the main part of the fee was related to general legal advice in the course of ordinary business.

The personal details together with the other activities and vested interests of individual members of the actual Board of Directors are listed on pages 56 to 60.

### 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, 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 has been composed as follows:

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 2022, the Board of Directors met eight times (previous year eight 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 one-day workshop.

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

In 2022, a member of the Board of Directors was excused from one Board of Directors meetings. In the previous year, a member of the Board of Directors was excused from two Board of Directors meetings and one Audit and Corporate Governance Committee meeting. Another member was excused from one Board of Directors meeting. All members were always present at the Nomination and Compensation Committee meetings in the reporting period and in the previous year. Prior to the respective meetings, the Chairman of the meeting obtained the opinions and the voting decisions of the absent members of the Board in a personal conversation. After each meeting, the CEO

informed the absent Board members about the decisions taken and the votes cast.

<b>Attendance rates at meeting of</b>	<b>2022</b>	<b>2021</b>
Board of Directors	98%	95%
Audit and Corporate Governance Committee	100%	89%
Nomination and Compensation Committee	100%	100%

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 the 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 page 52, 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 2022, a total of twenty-seven 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. Six out of the twenty-seven 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 inflation.

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 captured regarding currency exposures among other factors.

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. The external audit firm audits the internal control system of the COLTENE Group annually as part of their audit of the Group's risk management.

### **Self-Evaluation of the Board of Directors**

In 2022, the Board of Directors conducted a self-evaluation. It was prepared by the Chairman of the Board of Directors and discussed with each member of the Board of Directors in a personal meeting.

# 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 2022

Members	Function Board of Directors	Born in	Year of first election	Audit and Compliance Committee	Nomination 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
- Member of the Board of Directors of DGS Druckguss Systeme AG, St. Gallen
- Member of the Board of Directors of stürmsfs AG, Goldach
- Member of the Board of Directors of Inventx AG, Chur

#### *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.

### 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

#### *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.

### 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 – long-lasting 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 internationally renowned brand in the consumables industry.

### 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.

### 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, Zurich, Associate
- 2004 Foreign Associate, Brussels
- Since 2012 Lenz & Staehelin, Zurich, 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.

### 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 examen 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.

### 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
- 2020–2023 Director of Diagnostic Imaging, Veterinary Medical Teaching Hospital, University of California, Davis
- Since 2023 President, American College of Veterinary Radiology (ACVR)

#### *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.**



Stefan  
Helsing

Paul  
Frey

Markus  
Abderhalden

Martin  
Schaufelberger

Martin  
Schlüter

Werner  
Barth

Christophe  
Loretan

### **Martin Schaufelberger**

- Chief Executive Officer COLTENE Group (since 2012)
- Electrical Engineer, Fachhochschule für Technik, Rapperswil
- MBA Marketing, City University of Seattle, Zurich 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
- Member of the Advisory Board of the University of Applied Sciences OST, Rapperswil

### **Markus Abderhalden**

- Chief Financial Officer COLTENE Group (since 2022)
- Bachelor of Business Administration, University of Applied Science (FHS) St. Gallen/SG
- Swiss certified public accountant (CPA), EXPERTsuisse Zurich/ZH
- Swiss citizen, born in 1979

#### *Professional background (main stages)*

- |           |   |
|-----------|---|
| 2002–2013 | Ernst & Young AG, St. Gallen, Auditor and Consultant                      |
| 2013–2014 | Bühler Group, Uzwil, Head of Corporate Accounting and Financial Reporting |
| 2015–2017 | Bühler Group, Uzwil, Regional CFO North- and Central America              |
| 2018–2021 | DGS Druckguss Systeme Group, St. Gallen, CFO                              |

#### *Other important activities and vested interests*

Markus Abderhalden 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, Zurich, Network Management and CEO Balair-Airline
- 2000–2005 STA Travel Ltd., Zurich, 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, Zurich
- 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 Europe/ROW COLTENE Group
- Member of Group Management since 2015
- Dipl. sc. nat. ETH Zurich
- 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.

### **Paul Frey**

- Vice President Sales & Marketing Communication  
North America COLTENE Group
- Member of Group Management since 2022
- B.A. Political Science Arizona State University,  
Tempe, Arizona
- US citizen, born in 1975

#### *Professional background (main stages)*

- 2009–2012 Kulzer Dental North America, South Bend  
IN, Senior Sales Representative
- 2012–2015 Kulzer Dental North America, South Bend  
IN, Regional Manager
- 2015–2018 Kulzer Dental North America, South Bend  
IN, Director of Sales and Special Markets
- 2018–2021 Kulzer Dental North America, South Bend  
IN, Vice President of Sales and Service

#### *Other important activities and vested interests*

Paul Frey has no other important activities and vested interests.

## Group Management

On 1 January 2023, COLTENE Holding AG's Group Management consisted of seven persons (in 2022 and 2021 seven persons): the Chief Executive Officer (CEO) Martin Schaufelberger, the Chief Financial Officer (CFO) Markus Abderhalden, Stefan Helsing, Chief Operating Officer (COO), Werner Barth, Vice President Product Management/Group Marketing, Christophe Loretan, Vice President Sales & Marketing Communication Europe and Rest of the World (ROW), Paul Frey, Vice President Sales & Marketing Communication of North America, and Martin Schlüter, Vice President R&D/Innovation.

For further information regarding the changes in the Group Management team see pages 49 and 50 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 61 to 65.

## 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 seqq. 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 seqq. 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 74 to 83 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 ("SisVote") 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.

### **Request for Items Included in the Agenda of General Meetings**

Shareholders representing at least 0.5 % of the total share capital outstanding at the time or of the votes may request items to be included in the agenda. Such request must be handed in to the Board of Directors at least 30 days prior to the General Meeting in writing by stating the items of the agenda and the motions. Under the same conditions, shareholders may request that motions relating to items on the agenda be included in the notice calling for the General Meeting. Shareholders may submit a brief explanation together with the agenda items or motions. Such explanation must be included in the notice calling for the General Meeting.

### **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 of the shareholders can be called by resolution of the General Meeting of the shareholders, of the Board of Directors, upon request of the auditors or if it is requested by shareholders representing together at least 5 % of the total share capital outstanding at the time or of the total votes by way of a written request to the Board of Directors, indicating the agenda items and the associated motions.

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 except the decision regarding the delisting of the shares of the company from the SIX Swiss Exchange or its successor.

### **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 in Corporate Control and Defense Measures**

#### **Public Purchase Offers**

The Articles of Incorporation of COLTENE Holding AG do not stipulate an alleviation (opting up) or exemption (opting out) 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 is in effect at 31 December 2022, 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 25 June 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 300 000 (CHF 308 000 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**

COLTENE paid in the reporting year CHF 1 000 for non-audit-related services (none in previous year). This amount was paid for services related to withholding taxes. The execution or assistance of EY in the preparation of financial statements, the consolidated financial statements, and related documents is not admissible.

### **Supervisors and Control Instruments Pertaining to the Auditors**

As explained on page 53, 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 in the meetings of the Audit and Corporate Governance Committee, providing oral and written reports on the results of its reviews and audits. In 2022, the auditors participated in two meetings of the Audit and Corporate Governance Committee. All other members of the Board of Directors also attend these meetings as guests. Thus, the full Board of Directors is always directly informed about the results of the reviews and audits by the auditor. 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 normally 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 page 126.

### **Code of Conduct**

In 2021, the COLTENE Group set up an anonymous reporting whistleblowing platform via its own website, which can be used to report violations of laws, guidelines, and the like.  
<https://www.coltene.com/whistleblowing-portal/>

## **Internet**

Shareholders and other interested parties can obtain information about the COLTENE Group on the Internet at [www.coltene.com](http://www.coltene.com) and subscribe to a news service.

## **Ad Hoc Publicity**

COLTENE Holding AG maintains regular contact with the financial world in general, with all kinds of media 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 ad hoc publications and press releases 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 Relation

Feldwiesenstrasse 20

9450 Altstätten, Switzerland

+41 71 757 54 80

[investor@coltene.com](mailto:investor@coltene.com)

For important dates of publications this year, the following year and contact addresses refer to page 7 and page 126.

## **Blackout Periods**

### **General Blackout Periods**

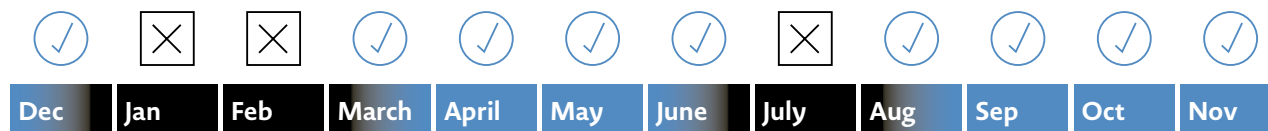
In connection with the publication of financial statements COLTENE knows two general blackout periods:

- Before the publication of the annual financial statements the first general blackout period starts from mid of December and ends one day after the publication of the annual results, usually in the first week of March
- Before the publication of the interim financial statements the second general blackout period starts from mid of June and ends one day after the publication of the interim financial statements, usually in the first week of August.

The contractual allocation of the share portion of the variable compensation to Group Management, for which there is no option, does not fall under the general blackout period.

These blackout periods are announced and cancelled by e-mail by the Group CFO who is also responsible for maintaining the respective insider list of persons who are affected. Persons in scope are members of the Board of Directors, Group Management, Accounting, Finance and Controlling, as well as all employees, external consultants and everyone else in possession of the sensitive insider information.

### General Blackout Periods



An annual training session on insider trading is held by the Group CFO for the Board of Directors and Group Management.

### Special Blackout Periods

Blackout periods for share-price-relevant facts are established by the Chairman of the Board of Directors, the Group CEO and Group CFO if necessary. Insider lists are maintained for each of these projects and contain all internal and external people with access to the sensitive insider information.

### 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.



**Product innovation – STATIM 6000B**



# “Our Customers have more Time thanks to increased Product Efficiency”

With its new products, COLTENE is ensuring safe patient care in dental practices due to clinical success and ease of use. New products like the STATIM 6000B bring additional benefits such as connectivity and the shortening of processes. What this mainly means for dentists is safe instrument reprocessing and more time to spend on other things.



**Stelian Gal**  
Product Developer  
SciCan Ltd., Canada

# 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 2021 and 2022. 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 entrepreneurship, 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 chapter 4 of this report and on page 120 in our audited Financial Report.

### 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 56 to 65.

## 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 page 53). 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	Recommendation	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 31 March 2021, the compensation payable to the Board of Directors and to Group Management has to be approved by the AGM. 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.

At the AGM on 31 March 2021, the shareholders approved the new Articles of Association, which include the following voting process regarding compensation to the Board of Directors and to Group Management:

- The compensation to the Board of Directors shall be approved by the AGM for the period of one year lasting from the ordinary AGM to the next ordinary AGM (instead of the financial year)
- 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

These changes came into force in several steps:

- The first step was the approval at the AGM 2021 of the compensation to the Board of Directors for the period of 1 January 2022 until the AGM 2022 and the fixed amount of the compensation to Group Management for the financial year 2022
- The AGM 2022 approved the fixed compensation to the Board of Directors for the period from the ordinary AGM 2022 to the ordinary AGM 2023 and the fixed compensation to Group Management for the fiscal year 2023
- The AGM 2023 shall for the first time retrospectively vote on the variable compensation to Group Management for the period from 1 January 2022 to 31 December 2022

## 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 99.

Based on the amended Articles of Incorporation that were approved by the AGM on 31 March 2021 the Board of Directors decided to adjust the payment of the share portion to the Board of Directors and the calculation of the long-term portion of the variable compensation component paid out in shares to Group Management. These adjustments are described further below in this section for the Board of Directors and in section 3.2 on page 77 for the Group Management. The new long-term incentive system is easy to understand and the Board of Directors and Group Management will be impacted directly 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 is high as well.

Directors received until the ordinary AGM 2022 a fixed annual cash amount and a fixed amount of money in shares. From the AGM 2022 onwards the Directors receive a fixed annual cash amount and a fixed number of shares. The Chairman shall receive 400 shares and each other member of the Board of Directors shall receive 200 shares every year. These shares shall be blocked for three years. 100 % of Directors' compensation is fixed. Their pay includes no variable component. The Directors receive 70 % to 90 % of the fixed compensation in cash and the remaining 10 % to 30 % in shares valued at the volume weighted average share price of the preceding month of the pay date.

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 40 % to 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.

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

### Compensation Elements

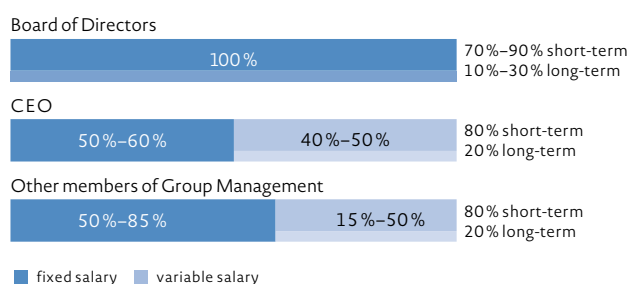


Fig. 2: Compensation Elements

### 3.1 Fixed Compensation Elements

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

- Base salary
- Pension plan benefits<sup>1</sup> (subject to local practices and regulations)
- Other benefits (subject to local practices and regulations)

<sup>1</sup> 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.

#### 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 2022 the quantitative 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). These quantitative targets were achieved in a range from 0 % - 72 %.

### 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 at least 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. 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 2022 included market targets such as the developing digital services for the devices in infection control, developing the Endo business and the strengthening of the DSO organization as well as operational targets such as the introduction of a new customer service tool, and preparing the organization for the changes according to MDR. These

individual targets were achieved in a range from 70 % to 95 %.

### Weighting by variable compensation component

The variable compensation components are weighted as follows:

- Each quantitative target has a weighting of 15 %–50 %
- The individual or personal targets have a combined weighting of 20 %–50 %

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 (figure 4). Entitlement to a 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 are 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 %–60 %	40 %–50 %	25 %–35 %	40 %–50 %	20 %–30 %	20 %	80 %
Others members	50 %–85 %	15 %–50 %	20 %–50 %	25 %–50 %	20 %–40 %	20 %	80 %

Fig. 3: Composition of Group Management compensation

## Scale of Variable Compensation Elements

Variable compensation

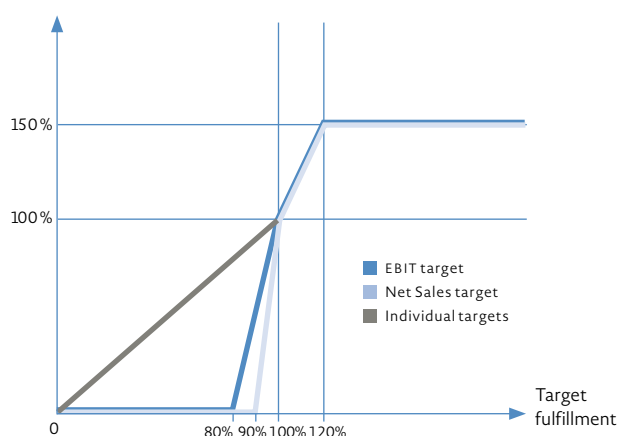


Fig. 4: Scale of variable compensation elements

### 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 over-achievement 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 77 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

The variable compensation to Group Management consists of a short-term component (paid in cash) and a long-term component (granted in shares, which are blocked for a period of three years).

For each member of Group Management a maximum of variable compensation is initially defined. 80% of the variable compensation shall be paid in cash (short-term component).

The Board of Directors decided to change the calculation of the long-term portion of the variable compensation component from the fiscal year 2022 and hence 20% of the variable compensation shall be granted in shares based on a predefined fixed number of shares (long-term component). The predefined number of shares are calculated by dividing 20% from the maximum variable compensation by the volume weighted average share price (VWAP) of COLTENE shares for a three-month period prior to become eligible for such long-term compensation plan. With the change from the year 2022 and thus for the first time the maximum number of shares was calculated based on the VWAP for the period from 1 October 2021 to 31 December 2021, which was CHF 108.42. This maximum number of shares shall then be fixed for a certain number of years. Based on the share price the value of the maximum number of shares can be higher or lower than 20% of the total variable compensation in the future. The allocation of the effective number of shares depends on the target achievement of Group Management member in the respective financial year (percentage of target achievement). As an example, if a Group Management member achieves 80% of the overall targets he will receive 80% of the predefined maximum number of shares as a long-term incentive. These shares shall be blocked for three years. The Board of Directors has the authority to adjust the maximum number of shares for Group Management members on its discretion.

Until fiscal year 2021, the amount of the long-term portion of the variable compensation of each Group Management team member was divided by the grant price of the COLTENE shares. This resulted in the total number of shares that were granted for each Group Management team member for the reporting period. The calculation of the grant price was based on the Swiss Performance Index (SPI) of the SIX Swiss stock exchange. This calculation was defined so that if COLTENE shares outperform the SPI, Group Management members were 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 lower amount of money in shares. The shares were granted at the SPI index price based on COLTENE's share price. The grant price for the reporting period was calculated based on the reference share price of the reporting period. Starting 2020, the reference price for COLTENE shares and for the SPI index were 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 was applied to calculate the grant price for COLTENE shares awarded to Group Management team members.

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

$$\text{Grant price} = (\text{CLTN reference share price}) \times (\text{SPI at 31 December of year of the reporting period}) / (\text{SPI reference})$$

For the reporting year 2021, the following values applied:

- CLTN reference share price was the year-end share price at 31 December 2019 (CHF 88.80)
- SPI at 31 December of the reporting period 2021 (16 445)
- SPI reference was the SPI at 31 December 2019 (12 838)
- Grant Price: CHF 113.75

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.

### 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 ordinary AGM for one year of service until the next ordinary 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.

### 3.5 Employee Share Purchase Program

From 2022 COLTENE Group can periodically offer company shares to selected employees. The Board of Directors issued a regulation addressing the following elements in particular:

Determination of the purchase price, granting of a potential discount on the purchase price and a blocking period of the shares. The conditions are determined by the Board of Directors based on a proposal of the NCC. Members of the Board of Directors and the Group Executive Board may be included in this program. The COLTENE shares acquired through this plan will be blocked for at least three years.

## 4 Remuneration of Directors and Group Management

The tables below show the total compensation paid to the members of the Board of Directors and of Group Management for the financial years 2021 and 2022.

### Remuneration of the Board of Directors

In CHF

	Base remuneration		Other remuneration	Total
	in cash	in shares <sup>1</sup>	Social security <sup>2</sup>	
<b>2021</b>				
Nick Huber	80 000	20 000	14 254	114 254
Erwin Locher	70 000	10 000	9 515	89 515
Jürgen Rauch	60 000	10 000	0	70 000
Matthew Robin	70 000	10 000	11 502	91 502
Astrid Waser	60 000	10 000	9 890	79 890
Roland Weiger	60 000	10 000	10 044	80 044
Allison Zwingenberger	60 000	10 000	10 044	80 044
<b>Total</b>	<b>460 000</b>	<b>80 000</b>	<b>65 249</b>	<b>605 249</b>
<b>2022</b>				
Nick Huber	80 000	26 989	15 107	122 096
Erwin Locher	70 000	13 506	9 877	93 383
Jürgen Rauch	60 000	13 506	0	73 506
Matthew Robin	70 000	13 506	11 935	95 441
Astrid Waser	60 000	13 506	10 477	83 983
Roland Weiger	60 000	13 506	10 477	83 983
Allison Zwingenberger	60 000	13 506	10 477	83 983
<b>Total</b>	<b>460 000</b>	<b>108 025</b>	<b>68 349</b>	<b>636 374</b>

<sup>1</sup> The number of shares granted for 2021 is calculated based on the weighted average share price of the month of April of the subsequent year. For the period of the beginning of 2022 until AGM 2022, the fixed number of shares granted is calculated based on the weighted average share price of the month April 2022, and for the period from the AGM 2022 until the end of the year, the outstanding shares are calculated at a share price of CHF 76.20 (as of year-end 2022). The outstanding shares will be transferred after the AGM of the following year at the weighted average share price for the month of April. The higher amount of the compensation in shares in 2022 is a result of the change in the compensation (fixed number of shares instead of a fixed amount of money in shares).

<sup>2</sup> Company paid social security contributions incl. AHV, IV, and ALV.

### Remuneration of Group Management

In CHF

	Base remuneration	Variable remuneration <sup>1</sup>		Other remuneration		Total
	in cash	in cash	in shares <sup>2</sup>	Social security <sup>3</sup>	Other benefits	
<b>2021</b>						
Martin Schaufelberger	410 507	328 000	76 859	167 125	15 519	998 010
Other members	1 524 304	736 305	172 798	399 931	31 979	2 865 317
<b>Total</b>	<b>1 934 811</b>	<b>1 064 305</b>	<b>249 657</b>	<b>567 056</b>	<b>47 498</b>	<b>3 863 327</b>
<b>2022</b>						
Martin Schaufelberger	410 507	169 576	28 616	171 471	14 482	794 652
Other members	1 426 318	270 448	45 260	340 365	20 026	2 102 417
<b>Total</b>	<b>1 836 825</b>	<b>440 024</b>	<b>73 876</b>	<b>511 836</b>	<b>34 508</b>	<b>2 897 069</b>

<sup>1</sup> 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.

<sup>2</sup> The value of shares granted in 2022 for the financial year 2021 is calculated based on the share price at closing of the grant date (CHF 106.00 on 23 February 2022). For 2022, the shares are calculated at a share price of CHF 73.00 (date of determination by the Board of Directors on 24 February 2023). Shares are transferred in the following financial year, subject to approval by the Annual General Meeting.

<sup>3</sup> Company paid social security contributions incl. pension fund payments, AHV, IV, ALV, NBU, and KTG.

#### Approved remuneration of the Board of Directors

The AGM 2021 approved a maximum aggregate remuneration (incl. social benefit contribution) of the members of the Board of Directors of CHF 210 000 for the shortened period from 1 January 2022 until the AGM 2022. The compensation actually received for this shortened period amounted to CHF 201 750 (incl. social benefit contributions).

#### Compensation paid to the Board of Directors for the period from 1 January 2022 until AGM 2022 in CHF

	Approved compensation	Actual compensation
Total compensation in cash	n.a.	175 083
Total compensation in shares	n.a.	26 667
<b>Overall compensation</b>	<b>210 000</b>	<b>201 750</b>

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

At the AGM 2022, the shareholders approved a total compensation for the Board of Directors for the period from the AGM 2022 to the AGM 2023 in the amount of CHF 750 000 (consisting of CHF 540 000 in cash and CHF 210 000 in shares). The actual compensation paid for this period will be reported in the compensation report 2023.

#### Approved remuneration of Group Management

The AGM 2021 approved for the year 2022 a maximum fixed compensation to the Group Management of CHF 2 900 000 (incl. social benefit contribution). The compensation actually paid for this period amounted to CHF 2 383 169 (incl. social benefit contribution) and was thus below the approved amount.

#### Compensation to Group Management for 2022 in CHF

	Approved compensation	Actual compensation
Total fixed compensation	2 900 000	2 383 169
Variable compensation <sup>1</sup>	n.a.	513 900
<b>Total</b>	<b>n.a.</b>	<b>2 897 069</b>

<sup>1</sup> The variable compensation for the year 2022 is subject to approval by the Annual General Meeting (AGM) 2023.

#### Compensation to Group Management for 2021 in CHF

	Approved compensation	Actual compensation
Total fixed compensation	2 900 000	2 549 365
Variable compensation <sup>1</sup>	1 600 000	1 313 962
<b>Total</b>	<b>4 500 000</b>	<b>3 863 327</b>

<sup>1</sup> The variable compensation for the financial year 2021 was paid in 2022 and approved in advance by the AGM 2020.

The remuneration of Group Management in 2022 was within the approved amounts.

#### Loans

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

#### Numbers of shares held by the Board of Directors and Group Management

##### Number of shares held by the Board of Directors

	31.12.2022	31.12.2021
Nick Huber	27 148	24 269
Erwin Locher	1 358	1 623
Jürgen Rauch	769	634
Matthew Robin	4 769	4 692
Astrid Waser	589	454
Roland Weiger	1 890	1 555
Allison Zwingerberger	394	259
<b>Total Board of Directors</b>	<b>36 917</b>	<b>33 486</b>

##### Number of shares held by Group Management

	31.12.2022	31.12.2021
Martin Schaufelberger	7 552	9 131
Gerhard Mahrle <sup>2</sup>	n.a.	3 728
Werner Barth	1 950	1 811
Stefan Helsing	21 055	20 738
Christophe Loretan	916	548
Martin Schlüter	163	80
John Westermeier <sup>2</sup>	n.a.	455
Markus Abderhalden <sup>1</sup>	0	n.a.
Paul Frey <sup>1</sup>	0	n.a.
<b>Total Management</b>	<b>31 636</b>	<b>36 491</b>

<sup>1</sup> New members of Group Management appointed on 1 January 2022.

<sup>2</sup> Gerhard Mahrle retired at the end of December 2021 from his position as CFO and John Westermeier left COLTENE at the end of June 2021.

## **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 2022 and approved it on the Board of Directors' meeting of 24 February 2023. It will be presented to the shareholders for consultative approval at the Annual General Meeting on 19 April 2023.

# Report of the Statutory Auditor

To the General Meeting of COLTENE Holding AG, Altstätten  
St. Gallen, February 24, 2023



## Report of the Statutory Auditor on the Compensation Report

### Opinion



We have audited the compensation report of COLTENE Holding AG (the Company) for the year ended 31 December 2022. The audit was limited to the information on remuneration, loans and advances pursuant to Art. 14-16 of the Ordinance against Excessive Remuneration in Listed Companies Limited by Shares (Verordnung gegen übermässige Vergütungen bei börsennotierten Aktiengesellschaften, VegüV) contained in the tables in chapter 4 on pages 81 to 82 of the compensation report.

In our opinion, the information on compensation, loans and advances in the remuneration report (pages 81 to 82) complies with Swiss law and Art. 14-16 VegüV.

### Basis for opinion



We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the compensation report" section of our report. We are independent of the Company in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

### Other information



The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include chapter 4 pages 81 to 82 in the compensation report, the consolidated financial statements, the stand-alone financial statements and our auditor's reports thereon.

Our opinion on the compensation report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the compensation report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the audited financial information in the compensation report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Board of Directors' responsibilities for the compensation report



The Board of Directors is responsible for the preparation of a compensation report in accordance with the provisions of Swiss law and the Company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of a compensation report that is free from material misstatement, whether due to fraud or error. The Board of Directors is also responsible for designing the compensation system and defining individual compensation packages.

### Auditor's responsibilities for the audit of the compensation report

Our objectives are to obtain reasonable assurance about whether the information on remuneration, loans and advances pursuant to Art. 14-16 VegüV is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH

will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this compensation report.

As part of an audit in accordance with Swiss law and SA-CH, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the compensation report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Ernst & Young Ltd



Iwan Zimmermann  
Licensed audit expert  
(Auditor in charge)



Erik Zeller  
Licensed audit expert

## Research & Development



# “Further Development with Customer Value”

R&D is synonymous with knowledge and the future. That is why it is important that COLTENE involves the customer in this process – so that added value is created for the customer as the product range evolves. By collecting global feedback, COLTENE is ensuring that it never loses sight of customer needs.

**Marcel Werner**  
**Director of R&D (Composite)**  
**Coltène/Whaledent AG, Switzerland**





# Content Financials

## **Financials COLTENE Group**

Income Statement	90
Balance Sheet	91
Cash Flow Statement	92
Statement of Changes in Equity	93
Notes to Group Financial Statements	94
Non-Swiss GAAP FER Measures as Defined by COLTENE Group	112
Report of the Statutory Auditor	113

## **Financials COLTENE Holding AG**

Income Statement	116
Balance Sheet	116
Statements of Changes in Equity	117
Notes to COLTENE Holding AG	118
Proposed Appropriation of Disposable Profit and Dividend Distribution	121
Report of the Statutory Auditor	122
 Important Addresses	 126

# Consolidated Income Statement

In CHF 1000

	Ref.	2022	2021
<b>Net sales</b>	<b>1</b>	<b>267 125</b>	<b>279 242</b>
Other operating income		0	35
Changes in inventories of finished goods and work in progress		5 165	-1 698
Raw material and consumables used		-94 014	-90 095
Personnel expenses	2	-93 231	-94 414
Other operating expenses	4	-43 419	-42 836
Depreciation on tangible fixed assets	14	-5 343	-5 523
Amortization on intangible assets	16	-1 372	-915
<b>Operating profit (EBIT)</b>		<b>34 911</b>	<b>43 796</b>
Financial income and expenses	5	-1 976	-2 595
<b>Net profit before tax</b>		<b>32 935</b>	<b>41 201</b>
Income taxes	6	-6 936	-9 493
<b>Net profit for the period</b>	<b>8</b>	<b>25 999</b>	<b>31 708</b>
Earnings per share	8	CHF 4.35	CHF 5.31
Diluted earnings per share	8	CHF 4.35	CHF 5.31

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.	31.12.2022	31.12.2021
Cash and cash equivalents		24 224	25 733
Trade accounts receivable	9	38 388	36 969
Prepaid expenses and deferred income	12	2 158	1 561
Other short-term receivables	11	3 298	3 033
Inventories	13	65 067	63 661
<b>Current assets</b>		<b>133 135</b>	<b>130 957</b>
Tangible fixed assets	14	48 640	49 193
Financial assets	10	371	367
Intangible assets	16	6 241	4 911
Deferred tax assets	7	2 210	1 310
<b>Non-current assets</b>		<b>57 462</b>	<b>55 781</b>
<b>Total assets</b>		<b>190 597</b>	<b>186 738</b>
Short-term financial liabilities	18	47 072	42 843
Trade accounts payable	19	8 306	12 143
Other short-term liabilities	20	4 899	3 364
Short-term provisions	22	1 143	1 985
Accrued liabilities and deferred income	21	11 655	14 052
<b>Current liabilities</b>		<b>73 075</b>	<b>74 387</b>
Long-term financial liabilities	18	0	75
Deferred tax liabilities	7	2 877	2 273
Long-term provisions	3,22	2 461	2 604
<b>Non-current liabilities</b>		<b>5 338</b>	<b>4 952</b>
<b>Total liabilities</b>		<b>78 413</b>	<b>79 339</b>
Share capital		598	598
Capital reserves		115 756	135 472
Treasury shares		-45	-8
Retained earnings		-4 125	-28 663
<b>Total equity</b>	<b>23</b>	<b>112 184</b>	<b>107 399</b>
<b>Total liabilities and equity</b>		<b>190 597</b>	<b>186 738</b>

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.	2022	2021
Net profit for the period		25 999	31 708
Depreciation of tangible fixed assets and amortization of intangible assets	14, 16	6 715	6 438
Change in provisions not affecting cash		-882	384
Other expenses and income not affecting cash		8 815	11 732
Change in trade accounts receivable		-1 803	4 352
Change in inventories		-2 855	-11 441
Change of other short-term receivables, prepaid expenses, and deferred income		-932	732
Change in trade accounts payable		-3 668	4 473
Change in other short-term liabilities, accrued liabilities, and deferred income		-1 539	-1 048
Interest paid		-232	-426
Interest received		43	23
Income tax paid		-6 240	-14 412
<b>Cash flow from operating activities</b>		<b>23 421</b>	<b>32 515</b>
Purchase of tangible fixed assets		-5 488	-7 685
Proceeds from sale of tangible fixed assets		121	109
Purchase of intangible assets		-2 830	-2 219
<b>Cash flow from investing activities</b>		<b>-8 197</b>	<b>-9 795</b>
Proceeds from financial liabilities		37 017	4 500
Repayments of financial liabilities		-32 876	-22 125
Dividends paid to shareholders	23	-19 716	-17 924
Proceeds/purchase of treasury shares	23	-353	-279
<b>Cash flow from financing activities</b>		<b>-15 928</b>	<b>-35 828</b>
Effect of exchange rate changes on cash		-805	368
<b>Change in cash and cash equivalents</b>		<b>-1 509</b>	<b>-12 740</b>
Cash and cash equivalents at beginning of year		25 733	38 473
Cash and cash equivalents at end of year		24 224	25 733

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		Share capital	Capital reserves (Agio)	Treasury shares	Currency translation adjustments	Goodwill (offset)	Retained earnings	Total of retained earnings	Total equity
	Ref.								
<b>01.01.2021</b>		<b>598</b>	<b>153 396</b>	<b>-2</b>	<b>-4 156</b>	<b>-225 874</b>	<b>166 272</b>	<b>-63 758</b>	<b>90 234</b>
Net profit of the period		0	0	0	0	0	31 708	31 708	31 708
Acquisition of treasury shares		0	0	-279	0	0	0	0	-279
Earn-out <sup>1</sup>		0	0	0	0	0	238	238	238
Disposal of treasury shares		0	0	273	0	0	72	72	345
Dividends	23	0	-17 924	0	0	0	0	0	-17 924
Foreign currency differences		0	0	0	3 077	0	0	3 077	3 077
<b>31.12.2021</b>		<b>598</b>	<b>135 472</b>	<b>-8</b>	<b>-1 079</b>	<b>-225 874</b>	<b>198 290</b>	<b>-28 663</b>	<b>107 399</b>
Net profit of the period		0	0	0	0	0	25 999	25 999	25 999
Acquisition of treasury shares		0	0	-673	0	0	0	0	-673
Earn-out <sup>1</sup>		0	0	0	0	0	330	330	330
Disposal of treasury shares		0	0	636	0	0	-69	-69	567
Dividends	23	0	-19 716	0	0	0	0	0	-19 716
Foreign currency differences		0	0	0	-1 722	0	0	-1 722	-1 722
<b>31.12.2022</b>		<b>598</b>	<b>115 756</b>	<b>-45</b>	<b>-2 801</b>	<b>-225 874</b>	<b>224 550</b>	<b>-4 125</b>	<b>112 184</b>

<sup>1</sup> Earn-out from Vigodent SA Transaction (sold in 2020)  
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 24 February 2023, for issue. The financial statements are subject to approval by the Annual General Meeting of Shareholders scheduled to take place on 19 April 2023.

## 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 15 December 2005, and has been listed on SIX Swiss Exchange since 23 June 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 31 December. 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 and are applied prospectively.

## 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 until 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

	31.12.2022	Ø 2022	31.12.2021	Ø 2021
1 USD	0.9232	0.9551	0.9122	0.9143
1 EUR	0.9847	1.0047	1.0331	1.0812
1 CAD	0.6819	0.7340	0.7178	0.7295

### 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 is 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 number of shares (until 2021: 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 the description 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 acquisitions and disposals in the reporting year.

In the previous year, SciCan Medtech AG was merged into Coltène/Whaledent AG.

### 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 Net Sales

### 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	2022	2021
EMEA	94 750	97 635
North America	128 929	138 903
Latin America	14 693	12 178
Asia/Oceania	28 753	30 526
<b>Net sales</b>	<b>267 125</b>	<b>279 242</b>

#### Net sales by products and services

In CHF 1000	2022	2021
Infection Control	89 607	96 296
Dental Preservation	77 005	79 440
Efficient Treatment	100 513	103 506
<b>Net sales</b>	<b>267 125</b>	<b>279 242</b>

Net sales of TCHF 69 146 (previous year TCHF 63 734) corresponding to 25.9 % of Group net sales (previous year 22.8 %) 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 1 223 employees (previous year 1 228). As per year-end 2022, 1 221 FTEs were employed (2021: 1 242 FTEs). Detailed information on personnel expenses:

### Personnel expenses

In CHF 1000	2022	2021
Wages and salaries	73 364	72 935
Social Security Expenses	15 812	15 503
Other personnel expenses	4 055	5 976
<b>Total</b>	<b>93 231</b>	<b>94 414</b>

Personnel expenses include TCHF 261 (previous year TCHF 330) for share-based payment transactions with the Board of Directors and Group Management.

Since 2022 COLTENE maintains a share purchase program for its employees. Shares of the COLTENE Holding AG are sold to selected employees at a discount, which is charged to personnel expenses. The last share purchase program took place in 2022.

In 2022, COLTENE Group was entitled to short-time work compensation of TCHF 0 (previous year TCHF 89). 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 only comprises contributions made to the benefit schemes at the expense of the Company. The pension plans with surplus are related to the staff pension scheme of Coltène/Whaledent AG in Switzerland. At 31 December 2022, the coverage rate amounted to 109.5 % (previous year 113.68 %) 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. Employees 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

	Financial share of the organization		Change vs. prior year	Contributions in the period	Pension benefit expense as part of personnel expense	
In CHF 1000	31.12.2022	31.12.2021	2022	2022	2022	2021
Pension funds without surplus/deficit	0	0	0	2 010	2 010	2 224
Pension funds without own assets	678	948	-270	383	113	14
<b>Total</b>	<b>678</b>	<b>948</b>	<b>-270</b>	<b>2 393</b>	<b>2 123</b>	<b>2 238</b>

## 4 Other Operating Expenses

### Other operating expenses

In CHF 1000	2022	2021
Production expenses	9 864	10 327
Marketing	8 604	7 990
Consulting	3 712	5 427
Selling and administration expenses	21 126	19 091
Other expenses	113	1
<b>Total</b>	<b>43 419</b>	<b>42 836</b>

In 2022, TCHF 8 568 (previous year TCHF 9 049) 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	2022	2021
Interest income on cash and cash equivalents	34	23
Exchange rate differences and other financial income	45	57
<b>Total financial income</b>	<b>79</b>	<b>80</b>
Interest expenses for bank overdrafts and loans	-232	-415
Exchange rate differences and other financial expenses	-1 823	-2 260
<b>Total financial expenses</b>	<b>-2 055</b>	<b>-2 675</b>
<b>Total financial result</b>	<b>-1 976</b>	<b>-2 595</b>

## 6 Tax Expenses

Tax expenses comprise the following positions:

### Tax expenses

In CHF 1000	2022	2021
Current taxes	7 266	10 834
Deferred taxes	-330	-1 341
<b>Total</b>	<b>6 936</b>	<b>9 493</b>

Tax expenses can be analyzed as follows:

### Tax expenses

In CHF 1000	2022	2021
Net profit before tax expenses	32 935	41 201
Tax expenses at applicable tax rate of 22.7 % (23 %)	7 462	9 513
Effects of non-tax-deductible expenses	233	360
Effects of tax-exempt income/ income taxed at another rate	-795	1 663
Effects of tax loss not capitalized in current year	-3	1
Effects of tax loss used not capitalized in prior years	-122	-133
Effects of change in tax rate on deferred taxes	-3	-40
Tax adjustments prior years	214	173
Withholding tax not refundable	-22	656
Other impacts <sup>1</sup>	-28	-2 700
<b>Actual tax expense</b>	<b>6 936</b>	<b>9 493</b>
Effective tax rate in %	21.1 %	23.0 %

<sup>1</sup> Includes TCHF 0 effects from changes in investments (2021: TCHF -2 616)

The applicable tax rate represents a weighted average rate based on all Group companies. Compared to last year, the applicable tax rate decreased slightly from 23 % to 22.7 %. This decrease is mainly because entities with lower tax rates had proportionally higher profits in 2022 than in 2021.

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

#### Tax losses

In CHF 1000	2022	2021
<b>Tax losses capitalized</b>		
Expiration between 1 and 5 years	249	273
Expiration over 5 years	0	0
<b>Total</b>	<b>249</b>	<b>273</b>
<b>Deferred tax assets of capitalized tax losses</b>		
Expiration between 1 and 5 years	76	71
Expiration over 5 years	0	0
<b>Total</b>	<b>76</b>	<b>71</b>
<b>Tax losses not capitalized</b>		
Expiration between 1 and 5 years	0	0
Expiration over 5 years	5 990	6 713
<b>Total</b>	<b>5 990</b>	<b>6 713</b>
<b>Estimated tax effect of not capitalized tax losses</b>		
Expiration between 1 and 5 years	0	0
Expiration over 5 years	1 797	1 880
<b>Total</b>	<b>1 797</b>	<b>1 880</b>

Tax losses not capitalized are mainly attributable to SciCan GmbH, Germany.

## 7 Deferred Taxes

Deferred tax assets and liabilities are based on the valuation differences between Group valuation and tax valuation in the following financial statement positions.

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	2022		2021	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Receivables and accruals	1 059	438	776	425
Inventories	2 585	574	1 953	464
Property, plant, and equipment	0	3 405	0	3 120
Intangible assets	102	45	116	34
Provisions	323	85	517	88
Deferred taxes from losses carried forward	76	0	71	0
Deferred taxes on equity reserves	0	265	0	265
Offset of deferred assets and liabilities	-1 935	-1 935	-2 123	-2 123
<b>Total</b>	<b>2 210</b>	<b>2 877</b>	<b>1 310</b>	<b>2 273</b>

## 8 Earnings per Share

Net profit amounts to TCHF 25 999 (previous year TCHF 31 708). Earnings per share (EPS) are calculated as follows:

#### Earnings per share

	2022	2021
Weighted number of shares issued at 31.12. <sup>1</sup>	5 974 550	5 974 932
Earnings per share (based on net profit for the period)	CHF 4.35	CHF 5.31
Diluted earnings per share <sup>2</sup> (based on net profit for the period)	CHF 4.35	CHF 5.31

<sup>1</sup> The weighted average number of shares takes into account the weighted average effect of changes in treasury share transactions.

<sup>2</sup> Basic earnings per share equal diluted earnings per share since there are no dilutive circumstances.

## 9 Trade Accounts Receivable

### Trade accounts receivable

In CHF 1000	2022	2021
Trade accounts receivable from third parties (gross)	39 205	37 746
Allowance	-817	-777
<b>Total trade accounts receivable (net)</b>	<b>38 388</b>	<b>36 969</b>

### Trade accounts receivable (gross) by maturity

In CHF 1000	2022	2021
Not due	30 485	25 742
Past due 1 to 30 days	5 850	7 191
Past due 31 to 60 days	1 219	1 574
Past due 61 to 90 days	755	945
Past due 91 to 120 days	193	546
Past due over 120 days	703	1 748
<b>Total</b>	<b>39 205</b>	<b>37 746</b>

### Trade accounts receivable by maturity including allowance

In CHF 1000	2022	2021
Not due	30 362	25 675
Past due 1 to 30 days	5 847	7 191
Past due 31 to 60 days	1 219	1 574
Past due 61 to 90 days	755	945
Past due 91 to 120 days	93	522
Past due over 120 days	112	1 062
<b>Total</b>	<b>38 388</b>	<b>36 969</b>

As per 31 December 2022, no trade accounts receivable are pledged (previous year also none).

## 10 Financial Assets

### Financial assets

In CHF 1000	2022	2021
Loans to third parties	371	367
<b>Total financial assets</b>	<b>371</b>	<b>367</b>

## 11 Other Short-term Receivables

### Other short-term receivables

In CHF 1000	2022	2021
Net VAT/Tax receivables	1 862	1 885
Wage and T&E expenses advances	90	98
Prepayments for suppliers	605	201
Deposits	64	297
Other short-term receivables	677	552
<b>Total</b>	<b>3 298</b>	<b>3 033</b>

## 12 Prepaid Expenses and Deferred Income

### Prepaid expenses and deferred income

In CHF 1000	2022	2021
Personnel expenses	313	14
Insurance costs	108	76
License fees	968	744
Exhibition and marketing expenses	105	206
Other prepaid expenses and deferred income	664	521
<b>Total</b>	<b>2 158</b>	<b>1 561</b>

## 13 Inventories

Inventories are as follows:

### Inventories (net)

In CHF 1000	2022	2021
Raw materials	29 215	24 475
Work in progress	12 082	10 528
Finished goods	22 002	20 289
Trade merchandise	11 807	15 917
Prepayments to suppliers	2 251	3 864
<b>Total inventories gross</b>	<b>77 357</b>	<b>75 073</b>
Allowances	-12 290	-11 412
<b>Total inventories net</b>	<b>65 067</b>	<b>63 661</b>

No inventories are pledged as of 31 December 2022 and 2021.

## 14 Tangible Fixed Assets

### Gross values

In CHF 1000

	Machinery and equipment	Land	Buildings (incl. inst.)	Assets under construction	Total
<b>Value 31.12.2020</b>	<b>71 353</b>	<b>3 489</b>	<b>39 646</b>	<b>2 510</b>	<b>116 998</b>
Additions	3 280	3	497	3 696	7 476
Disposals	-2 638	0	-22	-31	-2 691
Currency effects	239	-22	343	16	576
Reclassification	908	-352	810	-1 366	0
<b>Value 31.12.2021</b>	<b>73 142</b>	<b>3 118</b>	<b>41 274</b>	<b>4 825</b>	<b>122 359</b>
Additions	2 787	0	648	1 988	5 423
Disposals	-759	0	-489	-6	-1 254
Currency effects	-607	-27	-107	-10	-751
Reclassification	-501	0	4 759	-4 258	0
<b>Value 31.12.2022</b>	<b>74 062</b>	<b>3 091</b>	<b>46 085</b>	<b>2 539</b>	<b>125 777</b>

### Accumulated depreciation

In CHF 1000

	Machinery and equipment	Land	Buildings (incl. inst.)	Assets under construction	Total
<b>Value 31.12.2020</b>	<b>50 899</b>	<b>60</b>	<b>18 804</b>	<b>0</b>	<b>69 763</b>
Depreciation	3 971	20	1 532	0	5 523
Disposals	-2 507	0	-109	0	-2 616
Currency effects	257	-1	240	0	496
Reclassification	0	-60	60	0	0
<b>Value 31.12.2021</b>	<b>52 620</b>	<b>19</b>	<b>20 527</b>	<b>0</b>	<b>73 166</b>
Depreciation	3 932	0	1 411	0	5 343
Disposals	-692	0	-347	0	-1 039
Currency effects	-334	1	-1	0	-334
Reclassification	-1 306	0	1 306	0	0
<b>Value 31.12.2022</b>	<b>54 220</b>	<b>20</b>	<b>22 896</b>	<b>0</b>	<b>77 136</b>

### Net values

In CHF 1000

	Machinery and equipment	Land	Buildings (incl. inst.)	Assets under construction	Total
Value 31.12.2021	20 522	3 099	20 747	4 825	49 193
Thereof in finance lease value 31.12.2021	227	0	0	0	227
<b>Value 31.12.2022</b>	<b>19 842</b>	<b>3 071</b>	<b>23 188</b>	<b>2 539</b>	<b>48 640</b>
<b>Thereof in finance lease value as of 31.12.2022</b>	<b>67</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>67</b>

### Contractual Commitments

As per 31 December 2022, 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 31 December 2022, was TCHF 67. 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 31 December 2022 and 2021.

## 15 Operating Leasing

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

### Leasing

In CHF 1000	2022	2021
Not later than 1 year	1 920	2 386
1 to 5 years	5 377	6 819
Later than 5 years	3	5
<b>Total</b>	<b>7 300</b>	<b>9 210</b>
<b>Total later than 1 year</b>	<b>5 380</b>	<b>6 824</b>

For 2022, lease expenses amounted to TCHF 3 142 (previous year TCHF 3 655).

## 16 Intangible Assets

### Gross values

In CHF 1000

	Software	Licences, Patents and Trademarks <sup>2</sup>	Development cost <sup>1</sup>	Other intangible assets	Total
<b>Value 31.12.2020</b>	<b>9 590</b>	<b>632</b>	<b>2 481</b>	<b>233</b>	<b>12 936</b>
Additions	1 889	0	279	26	2 194
Disposal	-57	0	0	0	-57
Currency effects	-51	13	88	-9	41
Reclassification	-11	11	0	0	0
<b>Value 31.12.2021</b>	<b>11 360</b>	<b>656</b>	<b>2 848</b>	<b>250</b>	<b>15 114</b>
Additions	348	0	2 464	2	2 814
Disposal	-327	0	0	0	-327
Currency effects	-70	6	-128	-9	-201
Reclassification	981	67	-1 337	289	0
<b>Value 31.12.2022</b>	<b>12 292</b>	<b>729</b>	<b>3 847</b>	<b>532</b>	<b>17 400</b>

### Accumulated amortization

In CHF 1000

	Software	Licences, Patents and Trademarks <sup>2</sup>	Development cost	Other intangible assets	Total
<b>Value 31.12.2020</b>	<b>7 858</b>	<b>557</b>	<b>693</b>	<b>233</b>	<b>9 341</b>
Amortization	631	27	254	3	915
Disposal	-57	0	0	0	-57
Currency effects	-28	17	24	-9	4
Reclassification	0	0	0	0	0
<b>Value 31.12.2021</b>	<b>8 404</b>	<b>601</b>	<b>971</b>	<b>227</b>	<b>10 203</b>
Amortization	882	14	462	14	1 372
Disposal	-327	0	0	0	-327
Currency effects	-71	4	-9	-13	-89
Reclassification	-346	67	9	270	0
<b>Value 31.12.2022</b>	<b>8 542</b>	<b>686</b>	<b>1 433</b>	<b>498</b>	<b>11 159</b>

### Net values

In CHF 1000

	Software	Licences, Patents and Trademarks	Development cost	Other intangible assets	Total
Value 31.12.2021	2 956	55	1 877	23	4 911
<b>Value 31.12.2022</b>	<b>3 750</b>	<b>43</b>	<b>2 414</b>	<b>34</b>	<b>6 241</b>

<sup>1</sup> Development cost charged from third parties.

<sup>2</sup> Licences, Patents, and Trademarks are shown combined, as each category itself is not material. The previous period has been adjusted accordingly.

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	2022	2021
<b>Value as of 1.1.</b>	<b>225 874</b>	<b>225 874</b>
Additions from acquisitions	0	0
Disposals	0	0
<b>Cost (gross) as of 31.12.</b>	<b>225 874</b>	<b>225 874</b>
Accumulated translation adjustments	-19 848	-10 604
<b>Value as of 31.12.</b>	<b>206 026</b>	<b>215 270</b>

In CHF 1000	2022	2021
<b>Accumulated amortization as of 1.1.</b>	<b>-157 152</b>	<b>-119 084</b>
Amortization	-37 928	-38 068
Disposal	0	0
<b>Accumulated amortization as of 31.12.</b>	<b>-195 080</b>	<b>-157 152</b>

### Theoretical book values net

In CHF 1000	2022	2021
As of 1.1.	58 118	90 688
As of 31.12.	10 946	58 118

### Effect on income statement

In CHF 1000	2022	2021
<b>Net profit</b>	<b>25 999</b>	<b>31 708</b>
Amortization of goodwill	-37 928	-38 068
Theoretical net profit/loss (-) incl. amortization of goodwill	-11 929	-6 360

### Theoretical book values net

In CHF 1000	2022	2021
<b>Equity according to balance sheet</b>	<b>112 184</b>	<b>107 399</b>
Theoretical capitalization of net book value of goodwill	10 946	58 118
Theoretical equity incl. net book value of goodwill	123 130	165 517

## 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	2022	2021
Bank loans	47 005	42 687
Leasing liabilities	67	156
<b>Total current financial liabilities</b>	<b>47 072</b>	<b>42 843</b>
Bank loans	0	4
Leasing liabilities	0	71
<b>Total non-current financial liabilities</b>	<b>0</b>	<b>75</b>
<b>Total financial liabilities</b>	<b>47 072</b>	<b>42 918</b>

### Remaining life of leasing liabilities

In CHF 1000	2022	2021
<1 year	67	156
1-5 years	0	71
<b>Total leasing liabilities</b>	<b>67</b>	<b>227</b>

### Current bank loans

In CHF 1000	Maturity	Currency	Interest rate	2022
16.01.2023	unsecured	CHF	1.53 %	12 000
16.01.2023	unsecured	CHF	0.60 %	5 000
16.01.2023	unsecured	CHF	0.50 %	10 000
27.01.2023	unsecured	CHF	0.98 %	20 000
17.02.2023	unsecured	EUR	0.30 %	5
<b>Total</b>				<b>47 005</b>

### Non-current bank loans

In CHF 1000	Maturity	Currency	Interest rate	2022
<b>Total</b>				<b>0</b>

### Current bank loans

#### In CHF 1000

Maturity		Currency	Interest rate	2021
21.01.2022	unsecured	USD	1.01 %	912
20.01.2022	unsecured	USD	0.95 %	912
16.02.2022	unsecured	USD	0.90 %	639
17.01.2022	unsecured	USD	0.84 %	639
13.01.2022	unsecured	CHF	0.70 %	35 000
09.02.2022	unsecured	CHF	0.72 %	4 500
13.06.2022	unsecured	EUR	0.70 %	31
17.07.2022	unsecured	EUR	0.30 %	51
31.12.2021	unsecured	EUR	1.35 %	3

**Total** **42 687**

### Non-current bank loans

#### In CHF 1000

Maturity		Currency	Interest rate	2021
17.07.2022	unsecured	EUR	0.30 %	4

**Total** **4**

Credit lines amount to TCHF 182 418 (previous year TCHF 158 252) of which 26 % are used (previous year 27 %). Covenants exist for selected bank loans. Covenants were met for both periods.

Total committed credit lines amount to TCHF 75 000 (previous year TCHF 75 000) of which TCHF 12 000 are used (previous year TCHF 35 000). Covenants were met for both periods.

The Group intends to repay the bank loans of TCHF 47 005 within less than twelve months and to finance cash needs by renewing existing bank loans.

## 19 Trade Accounts Payable

### Trade accounts payable

In CHF 1000	2022	2021
Trade accounts payable from third parties	8 306	12 143
<b>Total trade accounts payable</b>	<b>8 306</b>	<b>12 143</b>

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	2022	2021
Net VAT obligations	660	410
Current income tax obligations	1 899	808
Prepayments from customers	271	364
Reclassifications of accounts receivables	745	544
Other short-term liabilities	1 324	1 238
<b>Total</b>	<b>4 899</b>	<b>3 364</b>

## 21 Accrued Liabilities and Deferred Income

### Accrued liabilities and deferred income

In CHF 1000	2022	2021
Bonus, vacations, payroll taxes	4 717	6 887
Sales bonus	1 780	1 553
Social security	413	854
Outstanding invoices	1 203	279
Other accrued liabilities and deferred income	3 542	4 479
<b>Total</b>	<b>11 655</b>	<b>14 052</b>

## 22 Provisions

The column “Provision for guarantees & 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 & other provisions	Provision for employee benefit obligations	Provision for legal cases	Total
<b>31.12.2020</b>	<b>2 321</b>	<b>1 041</b>	<b>698</b>	<b>4 060</b>
Additions	524	42	1 323	1 889
Reversals	-224	-74	-312	-610
Used	-348	-18	-276	-642
Currency effects	-43	-43	-22	-108
<b>31.12.2021</b>	<b>2 230</b>	<b>948</b>	<b>1 411</b>	<b>4 589</b>
Additions	1 046	0	23	1 069
Reversals	-87	-26	-159	-272
Used	-520	-199	-962	-1 681
Currency effects	-78	-45	22	-101
<b>31.12.2022</b>	<b>2 591</b>	<b>678</b>	<b>335</b>	<b>3 604</b>

### Provision by maturity

In CHF 1000	Provision for guarantees & other provisions	Provision for employee benefit obligations	Provision for legal cases	Total
<b>31.12.2021</b>				
Short-term provisions	574	0	1 411	1 985
Long-term provisions	1 656	948	0	2 604
<b>Total</b>	<b>2 230</b>	<b>948</b>	<b>1 411</b>	<b>4 589</b>
<b>31.12.2022</b>				
Short-term provisions	808	0	335	1 143
Long-term provisions	1 783	678	0	2 461
<b>Total</b>	<b>2 591</b>	<b>678</b>	<b>335</b>	<b>3 604</b>

## 23 Equity

The share capital represents the capital of COLTENE Holding AG. Treasury stock on 31 December 2022, included 568 shares (previous year 84). In the reporting period 7 350 treasury shares (previous year 3 129) were purchased and 6 866 treasury shares (previous year 3 064) were disposed of due to share-based compensation (2 866, previous year 3 064) or employee share purchase programs (4 000, previous year 0).

### Treasury shares

in CHF	2022		
	Number	Transaction price (Ø)	Acquisitions costs
As of 1.1.	84	89.77	7 541
Acquisitions	7 350	91.59	673 193
Disposals	-4 000	80.05	-320 208
Share-based compensation	-2 866	109.93	-315 056
As of 31.12.	568	80.05	45 470

in CHF	2021		
	Number	Transaction price (Ø)	Acquisitions costs
As of 1.1.	19	89.46	1 700
Acquisitions	3 129	89.22	279 180
Share-based compensation	-3 064	89.21	-273 339
As of 31.12.	84	89.77	7 541

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 non-distributable reserves in group equity amounted to TCHF 1 052 as at 31 December 2022.

Based on the General Meeting decision on 21 April 2022, the Company paid out from capital contribution reserves CHF 3.30 (previous year CHF 3.00 paid out from capital contribution reserves) per share to its shareholders on 27 April 2022. The total amount paid was TCHF 19 716 (previous year TCHF 17 924).

The distribution of CHF 3.30 per share will be proposed to the General Meeting on 19 April 2023.

## 24 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 74 to 83 and in the notes to the closing of COLTENE Holding AG on page 120. 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 74 to 83 and in the notes to the closing of COLTENE Holding AG on page 120. All Board members are non-executive and have no material business interest with the COLTENE Group. In 2022, the law firm Lenz & Staehelin, Zürich, where Astrid Waser is partner, received CHF 12 000 (2021: CHF 46 000). 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.

#### **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.

In CHF 1000	2022	2021
Rent of production and office buildings	987	986

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 31 December 2026. The total duration is ten years.

#### *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-based prices that other suppliers can provide also. The invoice payment is due within 30 days and is paid in Euros. There is no charging of late interest expenses.

In CHF 1000	2022	2021
Annual purchase value	2 569	2 874
Payables	74	578

#### **25 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.

## 26 Group Companies

Company				Group	Group	Consolidation
	Activity	Currencies	Registered capital	ownership 2022	ownership 2021	principles <sup>5</sup>
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
Coltene do Brasil Ltda, Rio de Janeiro BR	2	BRL	10 000	100 %	100 %	F
Kenda AG, Vaduz FL	1	CHF	50 000	100 %	100 %	F
SciCan Ltd., Toronto CAN	1	CAD	729	100 %	100 %	F
SciCan GmbH, Leutkirch DE	3	EUR	25 564	100 %	100 %	F

<sup>1</sup> Production and sales of dental specialities

<sup>2</sup> Sales services and marketing of dental specialities

<sup>3</sup> Sales of dental specialities

<sup>4</sup> Holding company

<sup>5</sup> F = Full consolidation

# 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 24, 2023

## Report of the Statutory Auditor on the Consolidated Financial Statements



### Opinion



We have audited the consolidated financial statements of COLTENE Holding AG and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31

December 2022, the consolidated income statement, the consolidated cash flow statement, the consolidated statement of changes in equity for the year then ended, and notes to group financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements (pages 90 to 111) give a true and fair view of the consolidated financial position of the Group as at 31 December 2022 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Swiss GAAP FER and comply with Swiss law.

### Basis for opinion



We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further

described in the “Auditor’s responsibilities for the audit of the consolidated financial statements” section of our report. We are independent of the Group in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

### Key audit matters



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 responsibilities for the audit of the consolidated financial statements” 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 (pages 90 to 111).

### Valuation of Inventory

#### Area of Focus

The total balances of inventory and inventory allowance as of December 31, 2022 amount to CHF 77.4 million and CHF 12.3 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.

#### **Other information**



The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements, the compensation report and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### **Board of Directors' responsibilities for the consolidated financial statements**



The Board of Directors is responsible for the preparation of the consolidated financial statements, which give a true and fair view in accordance with Swiss GAAP FER and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the consolidated financial statements**



Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located on EXPERTsuisse's website at: <https://www.expertsuisse.ch/en/audit-report>. This description forms an integral part of our report.

### **Report on other legal and regulatory requirements**



In accordance with Art. 728a para. 1 item 3 CO and PS-CH 890, we confirm that an internal control system exists, which has been designed for the preparation of the 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)

Erik Zeller  
Licensed audit expert

# Income Statement COLTENE Holding AG

In CHF	2022	2021
Dividend income	5 000 000	27 902 798
Other financial income	466 299	194 421
Other operating income	0	200 000
<b>Total income</b>	<b>5 466 299</b>	<b>28 297 219</b>
Financial expenses	-819 660	-464 205
Personnel expenses	-881 779	-719 217
Other operating expenses	-578 474	-385 694
Impairment loss on investments	0	-18 042 885
Tax expenses	-1 252	-1 108 045
<b>Total expenses</b>	<b>-2 281 165</b>	<b>-20 720 046</b>
<b>Profit/loss(-) of the year</b>	<b>3 185 134</b>	<b>7 577 173</b>

# Balance Sheet COLTENE Holding AG

In CHF	31.12.2022	31.12.2021
Cash and cash equivalents	2 774 745	2 306 789
Other accounts receivable from third parties	726 781	239 550
Other accounts receivable from subsidiaries	28 121	40 172
<b>Current assets</b>	<b>3 529 647</b>	<b>2 586 511</b>
Long-term receivables from subsidiaries	8 980 784	15 483 043
Investments in subsidiaries	187 109 911	187 109 911
<b>Non-current assets</b>	<b>196 090 695</b>	<b>202 592 954</b>
<b>Total assets</b>	<b>199 620 342</b>	<b>205 179 465</b>
Trade accounts payable to third parties	5 475	14 253
Current interest-bearing liabilities to third parties	47 000 000	42 601 310
Other accounts payable to third parties	20 000	15 000
Other accounts payable to subsidiaries	6 500 986	12 771
Accrued liabilities and deferred income to third parties	183 878	127 846
Short-term provisions	158 456	88 314
<b>Current liabilities</b>	<b>53 868 795</b>	<b>42 859 494</b>
Share capital	597 558	597 558
Legal reserves from retained earnings	119 512	119 512
Capital contribution reserves without foreign reference	49 983 127	49 983 127
Capital contribution reserves with foreign reference	55 273 138	74 988 767
Voluntary reserves from retained earnings	36 638 548	29 061 375
Treasury shares	-45 470	-7 541
Profit/loss(-) of the year	3 185 134	7 577 173
<b>Total equity</b>	<b>145 751 547</b>	<b>162 319 971</b>
<b>Total liabilities and equity</b>	<b>199 620 342</b>	<b>205 179 465</b>

# Statements of Changes in Equity COLTENE Holding AG

In CHF	Share capital	Statutory reserves	Capital contribution reserves	Treasury shares	Net income brought forward	Total
<b>31.12.2020</b>	<b>597 558</b>	<b>119 512</b>	<b>142 896 294</b>	<b>-1 670</b>	<b>29 061 375</b>	<b>172 673 068</b>
Distribution to shareholders	0	0	-17 924 400	0	0	-17 924 400
Allocation to the legal reserves	0	0	0	0	0	0
Change in treasury shares	0	0	0	-5 871	0	-5 871
Profit/loss(-) of the year	0	0	0	0	7 577 173	7 577 173
<b>31.12.2021</b>	<b>597 558</b>	<b>119 512</b>	<b>124 971 894</b>	<b>-7 541</b>	<b>36 638 548</b>	<b>162 319 971</b>
Distribution to shareholders	0	0	-19 715 629	0	0	-19 715 629
Allocation to the legal reserves	0	0	0	0	0	0
Change in treasury shares	0	0	0	-37 929	0	-37 929
Profit/loss(-) of the year	0	0	0	0	3 185 134	3 185 134
<b>31.12.2022</b>	<b>597 558</b>	<b>119 512</b>	<b>105 256 265</b>	<b>-45 470</b>	<b>39 823 682</b>	<b>145 751 547</b>

# 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 (32<sup>nd</sup> 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 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.

## Contingent liabilities

Joint and several liability from group taxation for current and future value-added tax liabilities of Coltène/Whaledent AG and Coltène/Whaledent Vertriebservice und Marketing GmbH

31.12.2022

p. m.

31.12.2021

p. m.

## Investments in Subsidiaries

The major investments in subsidiaries are listed in note 26 on page 111 of this Annual Report.

## Impairment Loss on Investments

There are no impairment losses reported in the current period. The impairment losses reported in the previous reporting period are related to the dividend issued by SciCan Ltd. on 18 June 2021, in the sum of CHF 8 893 790 where the investment in SciCan Ltd. has been reduced by the same amount. In 2021, Kenda AG has discontinued its business activities. This resulted in an impairment loss of CHF 9 149 095 in the reporting period.

## Subsequent Events

As per the release date of these financial statements, the Board of Directors and the Executive Management were not aware of any further important events subsequent to the reporting date.

## Treasury shares

	Average rate of transactions in CHF	Quantity
<b>Inventory as of 01.01.2021</b>		<b>19</b>
Acquisitions	89.22	3 129
Sales	89.21	-3 064
<b>Inventory as of 31.12.2021</b>		<b>84</b>
Acquisitions	91.59	7 350
Sales	92.52	-6 866
<b>Inventory as of 31.12.2022</b>		<b>568</b>

## Significant shareholders<sup>1</sup>

	31.12.2022	31.12.2021
HUWA Finanz- und Beteiligungs AG, Heerbrugg	22.42%	22.35%
Arthur Zwingenberger, Luzern	17.28%	17.28%
Rätikon Privatstiftung, Bludenz/Austria	12.30%	11.45%
Robert Heberlein, Zumikon	4.15%	4.05%
Credit Suisse Asset Management Funds AG, Zürich	3.23%	3.48%
UBS Fund Management (Switzerland) AG, Zürich	3.18%	3.22%

<sup>1</sup> The Company is aware of the following registered shareholders who own 3 % or more of the shares. For more details see page 48.

## Number of shares held by Board of Directors

	31.12.2022	31.12.2021
Nick Huber, Chairman	27 148	24 269
Erwin Locher, member	1 358	1 623
Jürgen Rauch, member	769	634
Matthew Robin, member	4 769	4 692
Astrid Waser, member	589	454
Roland Weiger, member	1 890	1 555
Allison Zwingenberger, member	394	259
<b>Total</b>	<b>36 917</b>	<b>33 486</b>

## Number of shares held by Executive Management

	31.12.2022	31.12.2021
Martin Schaufelberger, CEO	7 552	9 131
Markus Abderhalden, CFO <sup>1</sup>	0	n.a.
Werner Barth, Vice President Marketing	1 950	1 811
Stefan Helsing, COO	21 055	20 738
Christophe Loretan, Vice President Sales Europe/RoW	916	548
Martin Schlüter, Vice President R&D/Innovation	163	80
Paul Frey, Vice President Sales NAM <sup>1</sup>	0	n.a.
Gerhard Mahrle <sup>2</sup>	n.a.	3 728
John Westermeier <sup>2</sup>	n.a.	455
<b>Total</b>	<b>31 636</b>	<b>36 491</b>

<sup>1</sup> New members of Group Management appointed on 1 January 2022.

<sup>2</sup> Gerhard Mahrle retired at the end of December 2021 from his position as CFO and John Westermeier left COLTENE at the end of June 2021.

## Remuneration of the Board of Directors

In CHF

	Base remuneration		Other remuneration	Total
	in cash	in shares <sup>1</sup>	Social security <sup>2</sup>	
<b>2021</b>				
Nick Huber	80 000	20 000	14 254	114 254
Erwin Locher	70 000	10 000	9 515	89 515
Jürgen Rauch	60 000	10 000	0	70 000
Matthew Robin	70 000	10 000	11 502	91 502
Astrid Waser	60 000	10 000	9 890	79 890
Roland Weiger	60 000	10 000	10 044	80 044
Allison Zwingenberger	60 000	10 000	10 044	80 044
<b>Total</b>	<b>460 000</b>	<b>80 000</b>	<b>65 249</b>	<b>605 249</b>
<b>2022</b>				
Nick Huber	80 000	26 989	15 107	122 096
Erwin Locher	70 000	13 506	9 877	93 383
Jürgen Rauch	60 000	13 506	0	73 506
Matthew Robin	70 000	13 506	11 935	95 441
Astrid Waser	60 000	13 506	10 477	83 983
Roland Weiger	60 000	13 506	10 477	83 983
Allison Zwingenberger	60 000	13 506	10 477	83 983
<b>Total</b>	<b>460 000</b>	<b>108 025</b>	<b>68 349</b>	<b>636 374</b>

<sup>1</sup> The number of shares granted for 2021 is calculated based on the weighted average share price of the month of April of the subsequent year. For the period of the beginning of 2022 until AGM 2022, the fixed number of shares granted is calculated based on the weighted average share price of the month April 2022, and for the period from the AGM 2022 until the end of the year, the outstanding shares are calculated at a share price of CHF 76.20 (as of year-end 2022). The outstanding shares will be transferred after the AGM of the following year at the weighted average share price for the month of April. The higher amount of the compensation in shares in 2022 is a result of the change in the compensation (fixed number of shares instead of a fixed amount of money in shares).

<sup>2</sup> Company paid social security contributions incl. AHV, IV, and ALV.

## Remuneration of Group Management

In CHF

	Base remuneration	Variable remuneration <sup>1</sup>		Other remuneration		Total
	in cash	in cash	in shares <sup>2</sup>	Social security <sup>3</sup>	Other benefits	
<b>2021</b>						
Martin Schaufelberger	410 507	328 000	76 859	167 125	15 519	998 010
Other members	1 524 304	736 305	172 798	399 931	31 979	2 865 317
<b>Total</b>	<b>1 934 811</b>	<b>1 064 305</b>	<b>249 657</b>	<b>567 056</b>	<b>47 498</b>	<b>3 863 327</b>
<b>2022</b>						
Martin Schaufelberger	410 507	169 576	28 616	171 471	14 482	794 652
Other members	1 426 318	270 448	45 260	340 365	20 026	2 102 417
<b>Total</b>	<b>1 836 825</b>	<b>440 024</b>	<b>73 876</b>	<b>511 836</b>	<b>34 508</b>	<b>2 897 069</b>

<sup>1</sup> 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.

<sup>2</sup> The value of shares granted in 2022 for the financial year 2021 is calculated based on the share price at closing of the grant date (CHF 106.00 on 23 February 2022). For 2022, the shares are calculated at a share price of CHF 73.00 (date of determination by the Board of Directors on 24 February 2023). Shares are transferred in the following financial year, subject to approval by the Annual General Meeting.

<sup>3</sup> Company paid social security contributions incl. pension fund payments, AHV, IV, ALV, NBU, and KTG.

# Proposed Appropriation of Disposable Profit and Dividend Distribution

In CHF	2022	2021
<b>Allocation of the profit of the year</b>		
Net income carried forward from prior-year	36 631 005	29 059 703
Profit/loss(-) of the year	3 185 134	7 577 173
Transfer to reserves for treasury stocks	-37 929	-5 871
Allocation to the legal reserves	0	0
<b>Total amount at the disposal of the AGM</b>	<b>39 778 210</b>	<b>36 631 005</b>
Balance to be carried forward	39 778 210	36 631 005
<b>Distribution out of reserves from capital contributions</b>		
Available reserves from capital contributions without foreign reference	49 983 127	49 983 127
Available reserves from capital contributions with foreign reference	55 273 138	74 988 767
Total available capital contribution reserves	105 256 265	124 971 894
Distribution to shareholders of CHF 3.30 per share without treasury shares*		
from capital contribution reserves with foreign reference	-19 719 414	-19 715 629
<b>Available capital contribution reserves after distribution</b>		
without foreign reference	49 983 127	49 983 127
with foreign reference	35 553 724	55 273 138
<b>Total capital contribution reserves</b>	<b>85 536 851</b>	<b>105 256 265</b>

\* 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 24, 2023



## Report of the Statutory Auditor on the Financial Statements

### Opinion



We have audited the financial statements of COLTENE Holding AG (the Company), which comprise the balance sheet as at 31 December 2022, the incomestatement, the statements of changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements (pages 116 to 121) comply with Swiss law and the Company's articles of incorporation.

### Basis for opinion



We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the Company in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

### Key audit matters



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 responsibilities for the audit of the financial statements" 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 (pages 116 to 121).

### 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 93.7% 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.

### Other information



The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements, the compensation report and our auditor's reports thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Board of Directors' responsibilities for the financial statements



The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the Company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial statements



Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on EXPERTsuisse's website at: <https://www.expertsuisse.ch/en/audit-report>. This description forms an integral part of our report.

### Report on other legal and regulatory requirements



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

We further confirm that the proposed appropriation of available earnings and the proposed repayment of legal capital contribution reserves comply with Swiss law and the Company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

Ernst & Young Ltd

A handwritten signature in black ink, appearing to be 'I. Zimmermann', with a long horizontal stroke extending to the right.

Iwan Zimmermann  
Licensed audit expert  
(Auditor in charge)

A handwritten signature in black ink, appearing to be 'E. Zeller', with a stylized, circular flourish.

Erik Zeller  
Licensed audit expert



# Important Addresses

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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 2022 in German is the governing text.