

Workflow

Annual Report 2021

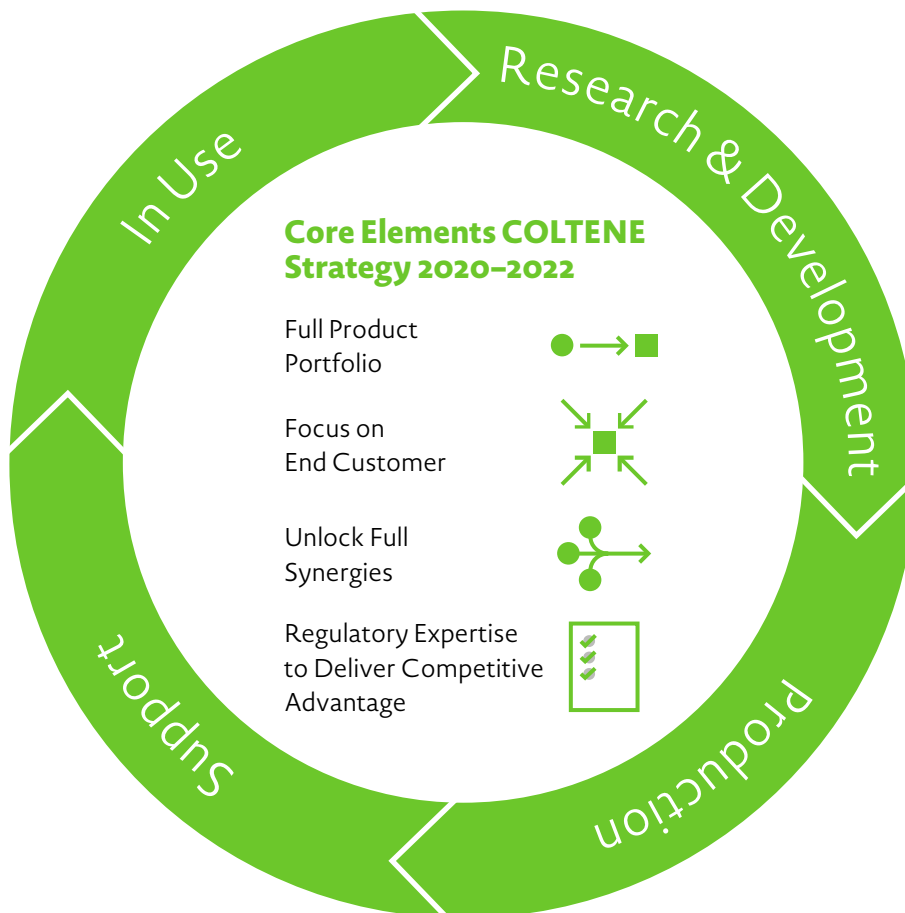
21

Recovering Markets

In the first half (H1) of 2021, COLTENE had its hands full working to meet surging demand, swiftly and across all product groups, as catch-up effects fueled a recovery. Supply chain constraints began feeding through from H2 onwards and needed mitigating through flexible solutions.

COLTENE made use of the pandemic to review and restructure its marketing and sales processes, and to focus on providing training for sales personnel and end customers. As part of these efforts, three key dental processes – instrument reprocessing, endodontics, and dental restoration – were rendered in user-friendly workflow diagrams and descriptions for different stakeholder groups and linked to the extensive portfolio of COLTENE products. For more details, please see the chapter Dental Workflows.

This year's photo story showcases longstanding employees from the various COLTENE sites.



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

35 %

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

28 %

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

37 %

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.



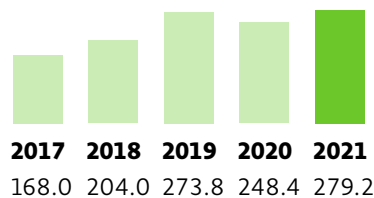
Facts and Figures

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 own sales organizations in all major markets including North America, Europe, Japan, China, India, and Latin America. The COLTENE Group has 1242 employees around the world (as of 31 December 2021).

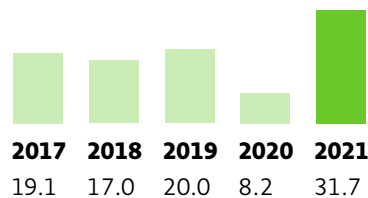
5-Year Overview 2017–2021 (in CHF mn)

2017: IFRS, from 2018: Swiss GAAP FER

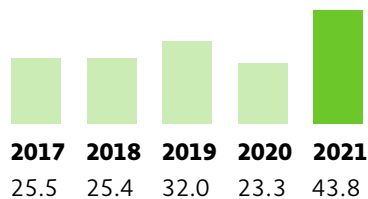
Net Sales



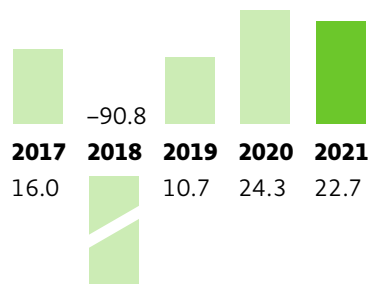
Net Profit



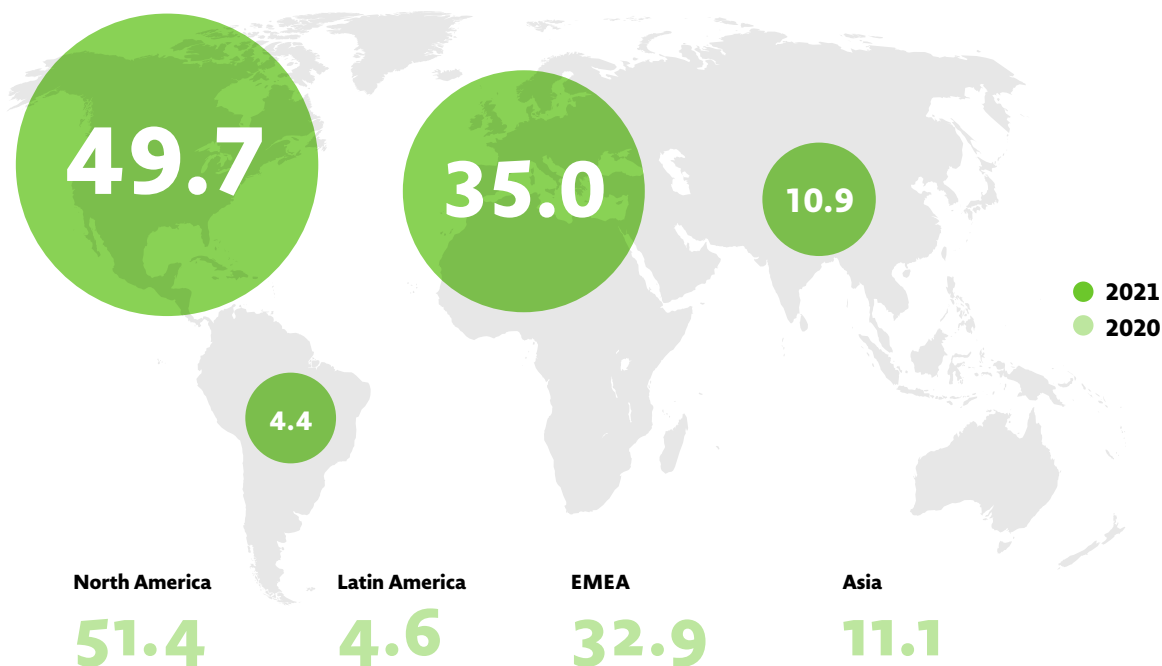
EBIT



Free Cash Flow



Net Sales by Region in %



Information about COLTENE Shares

Share Capital and Capital Structure

	2021	2020	2019	2018	2017
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	4 219 000
Cleared shares	16.91%	12.50%	13.34%	29.20%	14.00%
Number of treasury shares	84	19	14	3 265	0
Number of dividend-bearing shares	5 975 496	5 975 561	5 975 566	5 972 315	4 219 000
Registered capital (CHF 1000)	598	598	598	598	422
Conditional capital (CHF 1000)	0	0	0	0	0
Authorized capital (CHF 1000)	0	0	7	7	0
Total voting rights	5 975 580	5 975 580	5 975 580	5 975 580	4 219 000

Key Stock Exchange Figures per Share

CHF	2021	2020	2019	2018	2017
Share price high	133.40	97.30	103.60	124.00	103.50
Share price low	82.50	56.10	72.00	80.00	74.50
Closing share price	112.40	86.00	88.80	84.30	94.90
Average volume per trading day (number of shares)	4 338	5 008	5 442	4 084	4 324
Market capitalization in CHF million (year-end)	672	514	531	504	400

Key Figures per Share¹

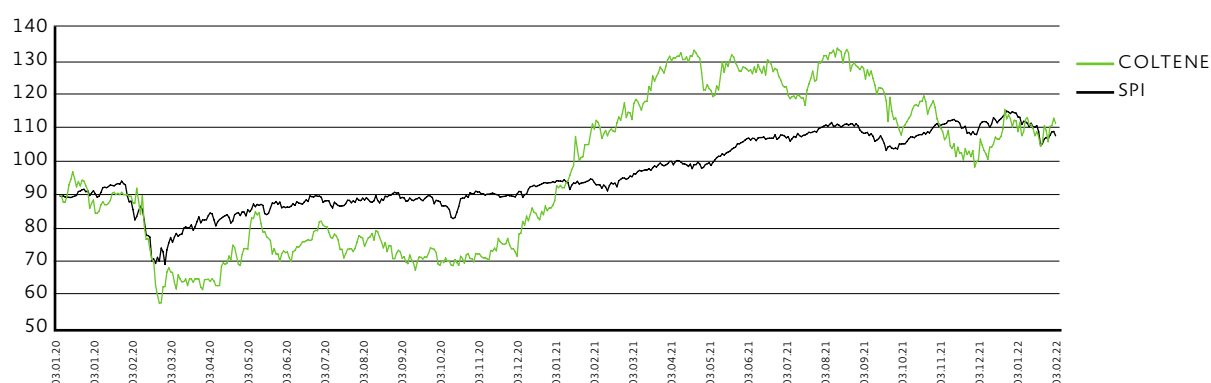
CHF	2021	2020	2019	2018	2017
Earnings per share – basic	5.31	1.38	3.35	3.61	4.52
Earnings per share – diluted	5.31	1.38	3.35	3.61	4.52
Operating cash flow per share	5.44	5.82	3.98	4.12	5.19
Free cash flow per share	3.80	4.06	1.79	-15.20	3.80
Dividend per share	3.30 ²	3.00	1.50	3.00	3.00
Equity per share	17.97	15.10	15.26	14.76	28.85

¹ 2017: IFRS, from 2018: Swiss GAAP FER.

² Board of Directors' proposal to the Annual General Meeting on 21 April 2022: distribution of CHF 3.30 per share from capital contribution reserves with foreign reference and excluding treasury shares.

Share Price Performance (03.01.2020 to 03.02.2022)

CLTN registered shares/Swiss Performance Index (SPI) rebased



The COLTENE share price rose 30.7%, from CHF 86.00 to CHF 112.40, in 2021. COLTENE paid a dividend of CHF 3.00 per share on 8 April 2021. The overall performance including the dividend for 2021 was 34.2%. 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 Structure¹

At 31 December 2021, there were 2020 shareholders (2020: 2204) entered in the share register. The following shareholders held 3 % or more of the outstanding share capital of COLTENE Holding AG at year-end:

	31.12.2021	31.12.2020
HUWA Finanz- und Beteiligungs AG	22.35 %	22.28 %
Arthur Zwingenberger	17.28 %	17.28 %
Rätikon Privatstiftung	11.45 %	10.18 %
Robert Heberlein	4.05 %	4.02 %
Credit Suisse Asset Management Funds AG ²	3.48 %	n.a.
UBS Fund Management (Switzerland) AG ²	3.22 %	n.a.
Tweedy, Browne Company LLC ³	n.a.	4.21 %

¹ For more information, refer to pages 44 to 45 in the Corporate Governance section of this Annual Report.

² Held less than 3 % on 31.12.2020

³ Held less than 3 % on 31.12.2021

Contact

Markus Abderhalden, CFO
COLTENE Holding AG
Feldwiesenstrasse 20
9450 Altstätten
Switzerland
Phone +41 71 757 54 80
E-mail investor@coltene.com

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 2021 financial year	4 March 2022
Annual General Meeting 2022	21 April 2022
Release of Half-year Report and media and analyst conference on 2022 half-year results	5 August 2022
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

Highlights 2021

279.2 mn

Sales in CHF

Sales set a new record in the history of COLTENE.

10.6 %

Organic growth
vis-à-vis 2019

At constant exchange rates and adjusted for the disposal of Vigodent, growth was 10.6 % compared to 2019.

15.7 %

EBIT margin

The highest EBIT margin ever achieved in any financial year.

57.5%

Equity ratio

The equity ratio improved significantly, reflecting the solid balance sheet of the COLTENE Group.

19.7%

Growth in Dental Preservation

Strong growth in Dental Preservation indicates that dental markets have recovered from the pandemic.

1242

Employees

Rebounding staffing levels (in full-time equivalents) reflect the strong business performance in 2021.

Foreword

Dear Shareholders,

This time last year, we wrote about a pandemic-induced decline in the second quarter of 2020 and a recovery in the second half (H2) of that year. H1 2021 was still characterized by catch-up effects in the wake of the pandemic. From July 2021, markets and demand began returning to more normal levels.

The COLTENE Group ended the year with sales of CHF 279.2 million, up 12.4 % from a year earlier, setting a new record (2020: CHF 248.4 million; 2019: CHF 273.8 million). At constant exchange rates and adjusted for the disposal of Vigodent, COLTENE sales increased even more in 2021, by 14.9 %, compared to a year earlier. Compared to 2019, and also at constant exchange rates and adjusted for the disposal of Vigodent, organic growth was 10.6 % (CAGR 2019–2021: 5.1 %).

Operating profit (EBIT) for full-year 2021 was CHF 43.8 million (2020: CHF 23.3 million). The EBIT margin was 15.7 % (2020: 9.4 %), setting a record also for profitability. Effects of cost efficiencies and rebounding sales led to disproportionately strong results in H1, in particular. In H2, demand returned to more normal levels.

After accelerating to a massive 35.5 % in 2020 due to the pandemic, Infection Control sales growth normalized to a rate of 2.3 % in 2021. By contrast, sales in Dental Preservation and Efficient Treatment eroded in 2020 but recovered strongly in 2021, expanding at 19.7 % and 17.8 %, respectively.

Marketing and Sales Return to In-Person Contact with New Focus

In H1 2021, COLTENE had its hands full working to meet brisk demand, swiftly and across all product groups. Supply chain bottlenecks were mitigated through flexible solutions, such as by quickly switching to alternative suppliers or by ordering available electronical components that can be reprogrammed for use in a range of devices. In H2, marketing and sales processes also regained their momentum. Even with the noticeable shift to digital channels and tools, it was also important to return to in-person meetings as the prevailing safety precautions permitted.

At constant exchange rates and adjusted for the disposal of Vigodent, organic growth was 10.6 % compared to 2019.



Nick Huber, Chairman of the Board of Directors

Martin Schaufelberger, CEO

COLTENE made use of the pandemic to review and restructure its marketing and sales processes, and to focus on providing training for sales personnel and end customers. As part of these efforts, three key dental processes – instrument reprocessing, endodontics, and dental restoration – were rendered in user-friendly workflow diagrams and descriptions for different stakeholder groups and linked to the full portfolio of COLTENE products. For more details, please see the chapter Dental Workflows.

At year-end 2021, persistently higher costs prompted COLTENE to announce a moderate price increase across its entire product portfolio and in line with the price increases seen in the overall market. This price change will take effect in the first quarter of 2022.

Customer Service and Support Upgraded

In 2021, COLTENE upgraded and expanded its Customer Service including its Support unit to more efficiently document its customer relationships, in

Marketing and Sales content focuses on the three key dental workflows of instrument reprocessing, endodontics, and dental restoration.

particular with dentists, and to move closer to these end customers. Various Customer Service and Support facilities were renovated and training rooms were upgraded. State-of-the-art technology allows the Customer Service team to handle end customer requests for device user instructions and error message analysis and support, all via remote assistance. This will also help drive sales of SciCan's STATIM B6000 autoclave with its latest-generation connectivity functionalities, a very recent addition to COLTENE's product portfolio.

MDR Accreditation Renewed

The COLTENE Group was among the first developers and makers of dental equipment and consumables in Europe to comply with the 2021 EU Medical Device Regulation (MDR) for some of their products. By May 2024, all COLTENE products will meet the new MDR requirements.

The mutual recognition agreement (MRA) between the EU and Switzerland to remove technical barriers of trade, which allowed unrestricted access to the Common Market, lapsed in 2021 because negotiations on the Institutional Framework Agreement were broken off. Although fully meeting EU requirements even without the MRA, COLTENE continues advocating for Switzerland's return to an overarching economic framework for its relationship with the EU, for the sake of planning certainty, scientific research, cost efficiencies, and cooperation in Europe.

Already in 2021, MDR implementation was completed for many COLTENE products. By May 2024, all COLTENE products will meet the MDR requirements.

Sustainability Report with New Structure

COLTENE recently enhanced its Sustainability Report to better meet the growing information needs of its various stakeholder groups. Ahead of the new Swiss statutory reporting requirements coming into force in 2023, the COLTENE Group has enhanced, restructured, and expanded its Sustainability Report (see page 28).

Changes in Group Management

Effective 1 January 2022, Markus Abderhalden became the new COLTENE Group CFO. A Swiss national, Markus Abderhalden (age 43) brings many years of industry experience in a CFO role and joined COLTENE from DGS Group. Also with effect from 1 January 2022, Paul Frey, 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. Based in the US, Paul Frey oversees the COLTENE Group's largest market from his home country.

Dividend

The Board of Directors will propose a dividend of CHF 3.30 per share for shareholder approval. The encouraging result achieved in the year under review and the liquidity reserves permit raising the dividend by 10 % compared to a year earlier. The dividend is funded from capital contribution reserves and as such remains tax-exempt for natural persons residing in Switzerland.

Outlook

The Group affirms its medium-term targets of a 15 % EBIT margin and sales growth modestly above the market. Moreover, having successfully integrated SciCan and Micro-Mega and tackled the coronavirus pandemic, the Group is shifting more of its strategic focus to growth. In the UK, Germany, and France, sales are targeted to strengthen in Infection Control, while especially the US, Germany, France, Italy, and the Iberian Peninsula present growth opportunities for Endodontics. In the current year, the focus of the COLTENE Group beyond its key markets is on expanding in Asia, notably in China, a dental market with great potential. In the medium term, the organic growth target may be complemented with targeted acquisitions. The payout ratio for future dividends will remain set at a target rate of 70 %.

China is a significant growth market with great potential for the Swiss dental company.

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 and their loyalty in this strong growth year.

We also wish to thank our customers, business partners, and shareholders for their confidence.



Nick Huber
Chairman of the Board of Directors



Martin Schaufelberger
CEO

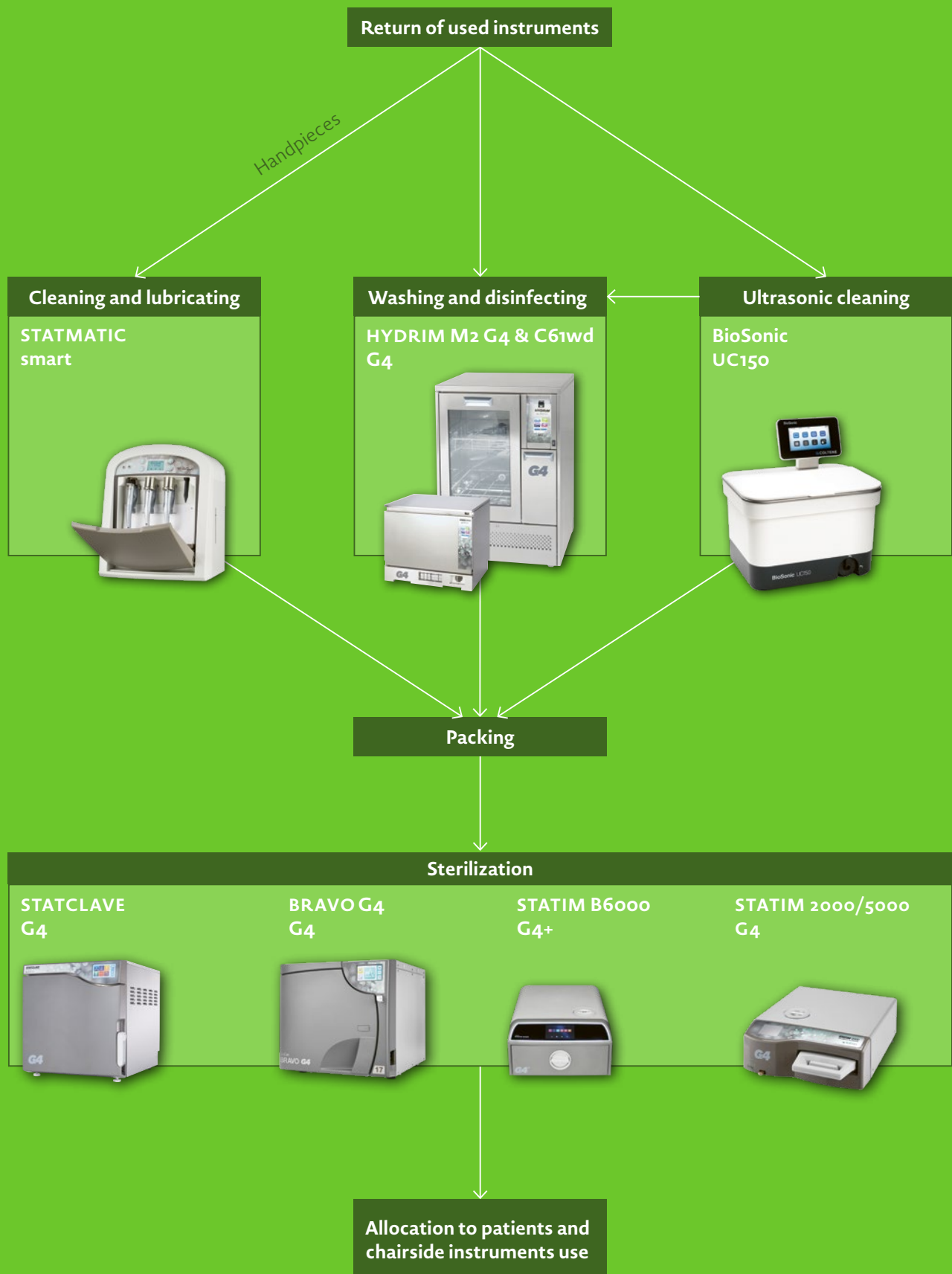


24 Years Teamwork

I appreciate the variety in my work, between setting up the machines, filling, packing, and packaging products ready for sale. We are flexible, so we always go the extra mile to fill rush orders, while maintaining the same high quality. Since I joined COLTENE, I have seen our workflows going more and more paperless, and so I have also developed my computer skills. I enjoy working with my team, the atmosphere is very collegial and my suggestions for improvements are taken on board.

Sabina Stähli, Coltène/Whaledent AG, Switzerland
Production Employee Restoration since 1998

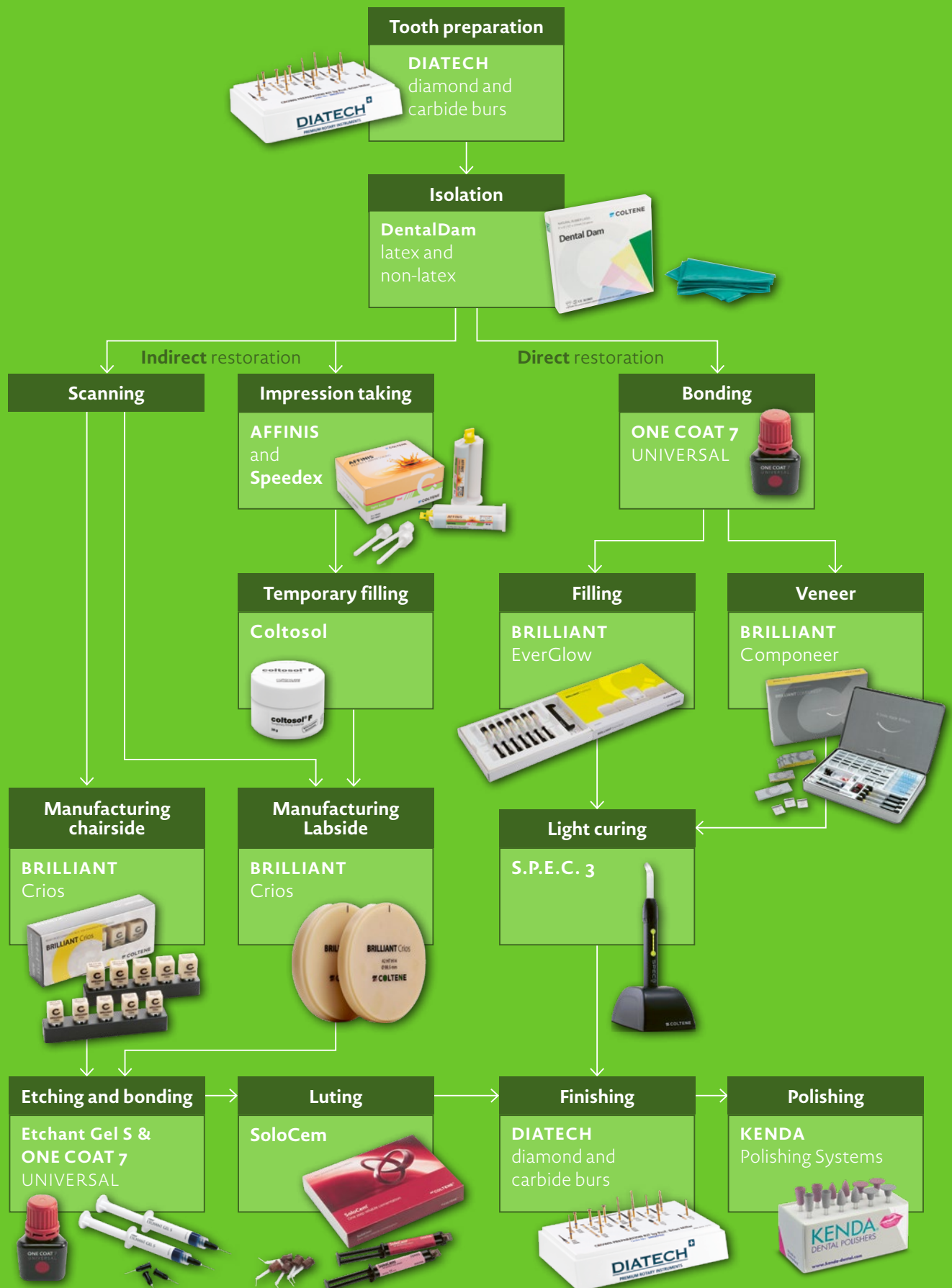
Instrument Reprocessing Workflow



Endodontic Workflow



Restoration Workflow



Operational Review and Financial Commentary

After a very strong first half (H1 2021) defined by catch-up effects from 2020, demand continued at sustained high levels in H2. Defying supply chain bottlenecks and the COVID-19 pandemic, COLTENE seized the opportunities that presented themselves and strengthened its earning power thanks to high production capacity utilization.

Catch-Up Effect in H1 and Supply Chain Challenges in H2

The first half (H1) of 2021 was defined by catch-up effects, and sales grew at disproportionately high rates. In H2, demand returned to more normal levels and the supply chain bottlenecks increasingly affected COLTENE, impacting in part its capacity to deliver. Despite a softer H2, COLTENE sales were up by a significant 12.4 % for the full year. At constant exchange rates and adjusted for the proceeds from the disposal of Vigodent in 2020, COLTENE sales increased even more, by 14.9 %. All markets and product groups recovered from their 2020 pandemic levels. At CHF 279.2 million, sales in the reporting period outperformed even 2019 sales (CHF 273.8 million), which at constant exchange rates was 10.6 % organic growth (CAGR 2019–2021: 5.1 %).

In H2, demand returned to more normal levels and the supply chain bottlenecks increasingly affected COLTENE.

Normalized Growth in Infection Control

Up 35.5 % in 2020 at constant exchange rates, Infection Control sales growth normalized in 2021 to 2.3 %, or to 3.3 % in local currency terms. Dental Preservation and Efficient Treatment sales beat their prior-year performance, expanding by 19.7 % (20.1 % at constant exchange rates) and 17.8 % (17.9 % at constant exchange rates), respectively, compared to 2020. At 37.1 % (CHF 103.5 million), Efficient Treatment reclaimed its top performer status by share of sales. Coming in close second and third place, Infection Control contributed 34.5 % (CHF 96.3 million) and Dental Preservation 28.4 % (CHF 79.4 million).

North America (NAM) Still the Largest Market – Other Regions Recovering

North America (NAM) is the most important market for the COLTENE Group, generating CHF 138.9 million in 2021 (2020: CHF 127.7 million). This puts NAM's share of sales at 49.7 % (2020: 51.4 %). Whereas sales in Canada were down 8.5 % in CHF reporting currency terms, or 11.8 % in local currency terms, from a year earlier as strict pandemic measures remained in place, US sales grew, by 13.9 % in CHF and 15.6 % in local currency terms.

By growth rate, the top performing region was EMEA, where sales rose from CHF 81.8 million in 2020 to CHF 97.6 million in 2021. This was a 19.3 % increase. At constant exchange rates, it was in fact 21.2 %. By share of sales, EMEA was the second largest region, contributing 35.0 %. Within EMEA, sales grew fastest in the UK and Ireland, at a combined 58.2 % in CHF and 60.7 % in local currency terms. France, too, performed very well, with sales up 24.5 % in CHF and 26.5 % in local currency terms. Similarly, sales in Germany and Austria posted strong gains, ending the year a combined 21.4 % higher (24.8 % in local currency terms) compared to 2020. Due to tender business, it was a more challenging situation in the Middle East and Africa, where sales declined 4.6 % in CHF and 6.9 % in local currency terms.

Latin America, too, saw healthy growth, expanding at 7.5 % in CHF, or 7.9 % in local currency terms. Sales were CHF 12.2 million (2020: CHF 11.3 million). While by share of sales – 4.4 % – this region is COLTENE's smallest market, its performance was all the more encouraging for the increase in growth compared to a year earlier, when sales still included figures for Vigodent, the subsidiary sold per year-end 2020. Excluding Vigodent sales for 2020 and expressed in local currency terms, sales expanded by 64.5 %.

Asia contributed 10.9 % to Group sales. Sales in 2021 were CHF 30.6 million (2020: CHF 27.5 million), up 10.9 % from 2020. At constant exchange rates, growth came in slightly lower, at 7.2 %. After a soft 2020, India in particular made a recovery and expanded sales by 40.9 % in CHF and 44.9 % in local currency terms. Sales in China grew by 15.9 %. In local currency terms, however, the rate was only 6.6 %, reflecting the appreciation of the CNY against the CHF.

Costs Still Below 2019 Levels

On the cost side, there was a lingering impact from pandemic-related restrictions and the cost reduction measures taken the previous year. Total operating expenses (OPEX) did increase by 4.6 % compared to a year earlier, to CHF 137.2 million (2020: CHF 131.2 million). However, OPEX came in well below their 2019 levels, when they were CHF 149.7 million.

The largest increase, at CHF 9.5 million (+11.2 %), came from payroll expenses. In large part, this reflected the discontinuation of government short-time compensation which in 2020 had reduced the payroll line item by CHF 3.8 million. Staffing levels were up by 52.8 FTEs compared to a year earlier. With rebounding demand for COLTENE products, production capacity needed ratcheting up, and that required hiring extra hands.

US sales increased by 13.9 % in CHF terms. EMEA sales were up 19.3 % in CHF terms, with strong growth in the UK, Ireland, France, Germany, and Austria.

Selling and administration expenses increased by 14.5 %, or CHF 4.1 million after adjusting for the CHF 8.8 million loss from the disposal of Vigodent a year earlier. This reflected the increase in travel and marketing expenses but also the extraordinary expenses associated with the shift to MDR certification. Even so, these expenses were about CHF 9.0 million less than in 2019.

Integration of SciCan Group Completed

Following the legal integration of SciCan Inc. (USA) into Coltène/Whaledent Inc. (USA) in 2020, the SciCan Inc. site in Canonsburg, Pennsylvania, will shut down in the coming year, with all activities shifting to Coltène/Whaledent Inc. in Ohio. This transfer will have no significant impact on staffing levels. In lease payments alone, closing the site will deliver annual savings of about CHF 0.4 million. In addition, effective 1 January 2021, SciCan Medtech AG (Switzerland) merged with Coltène/Whaledent AG (Switzerland).

Effective 1 November 2021, the two subsidiaries SciCan Ltd. (Canada) and SciCan GmbH (Germany) were integrated into the existing SAP environment of the COLTENE Group. With this step, SAP has been deployed to all COLTENE Group production sites.

Financial Result Without One-Time Effects, and Tax Rate Normalizes

After the 2020 financial result took a charge of CHF 2.8 million from the disposal of Vigodent SA, no one-time items were recognized in 2021 that would have impacted the financial result and the tax expense. Financial expenses were CHF 2.6 million; most of this (CHF 2.0 million) was explained by foreign currency exchange losses.

The general recovery in Europe's markets narrowed the share of sales of Group companies taxed at higher-than-average rates, the main consequence of which was that the expected tax rate declined from 29.0 % to 23.1 %. Moreover, the non-tax-deductible losses from the disposal of Vigodent SA in 2020 led to a higher effective tax rate of 54.3 % in 2020. In the year under review, the tax rate was 23.0 %, back in its normal range.

In the year under review, the tax rate was 23.0 % and therefore in its normal range. No one-time items were recognized.

High Operating Cash Flow Impacted by Investments in Delivery Capacity

In the year under review, cash flow did not quite match its high prior-year levels, at CHF 22.7 million versus CHF 24.3 million in 2020. The decline mainly reflected stockpiling activities. Due to the challenging supply chain situation, COLTENE frequently placed larger orders for production inputs, deliberately stockpiled higher contingency inventories, and frequently paid upfront for orders to secure supplies of critical components. A further compounding factor was the high inventory of OPTIM products due to lower than expected demand. The combined effect of the above was that inventories increased by CHF 11.7 million compared to 2020 and impacted operating cash flow accordingly.

Due to the pandemic, investments in non-current assets again were below average levels, as in 2020. Cash outflow from investing activities was CHF 9.8 million, marginally lower even than a year earlier (CHF 10.5 million). The main reason for this was the absence of acquisition expenditure. COLTENE's positive business performance permitted further reducing the debt position and repaying bank loans, with a balance of CHF 42.7 million (2020: CHF 59.8 million) remaining. In light of the healthy results, the Board of Directors will propose a dividend of CHF 3.30 per share for shareholder approval at the Annual General Meeting on 21 April 2022.

COLTENE's positive business performance permitted further reducing the debt position and repaying bank loans, with a balance of CHF 42.7 million (2020: CHF 59.8 million) remaining.

Further Investments in Upgrading and Optimizing Production Sites

In **Altstätten, Switzerland**, COLTENE invested in various building alterations. In Research & Development, all facilities underwent comprehensive renovations to fine-tune processes and to bring the plant further into line with tightened regulatory requirements. Moreover, the new building had 750 m² of solar panels installed on its rooftop to generate about 145 MWh of electricity per year. This will provide autonomy for approx. 20 % of annual electricity needs. Additional investments were made in various production facilities and new control systems to achieve productivity gains and further reduce energy use.

In **Cuyahoga Falls, Ohio, USA**, plant investments included further upgrades to CNC milling machines for making carbide burs. In connection with the closure of the Canonsburg, PA, site, a new training center was set up in Ohio. The main purpose of this training center is to instruct the sales and service/support personnel of COLTENE's distribution partners, and dentists. Further investments were made in refurbishing and upgrading site infrastructure.

SciCan made investments in **Toronto, Canada**, primarily in optimizing processes on production lines and in new equipment for this purpose. In addition, the repair center and the training and laboratory rooms were renewed.

Micro-Mega in **Besançon, France**, also invested in upgrading its existing milling machines to further boost productivity and quality. The plant and office building underwent further renovations.

COLTENE Group Management is confident that these investments and improvements make a significant contribution to ensuring environmentally sustainable manufacturing processes and dental products. COLTENE will continue optimizing those processes throughout the value chain, in an ongoing commitment to further mitigate environmental impact.

In total, investments in property and intangible assets came to CHF 9.7 million (2020: CHF 9.7 million).

Solid Balance Sheet and Low Net Debt

As of 31 December 2021, the consolidated equity of the COLTENE Group was CHF 107.4 million (2020: CHF 90.2 million). The shareholders' equity of COLTENE Holding AG was CHF 162.3 million (2020: CHF 172.7 million). Of this amount, CHF 125.0 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 75.0 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.

Total assets as of 31 December 2021 were CHF 186.7 million (2020: CHF 187.6 million). Net debt was further reduced to CHF 17.2 million (2020: CHF 21.8 million). The net leverage ratio (net debt divided by EBITDA) narrowed to 0.34 (2020: 0.75). The equity ratio at the balance sheet date was 57.5% (2020: 48.1%). These ratios are in compliance with the covenants of the credit line agreement.

Innovations and Projects

Innovation remains a top priority to maintain a steady pipeline of new and groundbreaking products to market to COLTENE customers. Research & Development activities are maintained across the product portfolio, with a special focus on Infection Control, where sales growth has been strong. Research & Development spending in 2021 was CHF 11.2 million (2020: CHF 11.6 million), of which CHF 2.2 million was capitalized (2020: CHF 2.1 million). 2021 saw the successful market launch of the STATIM B6000 cassette autoclave sterilizer. This compact six-liter autoclave with

In total, investments in property and intangible assets came to CHF 9.7 million.

fractionated vacuum technology offers flexible loading, shorter cycle times and enhanced digital capabilities. In addition to upgrades and advanced versions of well-established products, there is a pipeline of new designs and innovations in the IoT environment for various devices.

The key Group-wide projects currently underway relate to the implementation of product life cycle management (PLM) software to meet tightened regulatory requirements, and implementation of a uniform customer relationship management (CRM) platform worldwide. This will create even more touch points with customers and allow COLTENE to handle requests and complaints more efficiently while delivering lasting customer service improvements.

Market Recovery Constrained by Supply Chain Challenges

Dental markets continued recovering in 2021 and in many respects have returned to pre-pandemic levels. That said, COLTENE is not immune to the ongoing global supply chain constraints. With electronic components in particular, receiving timely shipments is a major challenge. Thanks to the hard work of COLTENE's sourcing and production teams, no production lines have yet been interrupted due to a shortage of components. The supply chain constraints will keep COLTENE busy in 2022 as well and remain a significant challenge. Equally uncertain are future trends in wholesale prices of raw materials and energy and the related rise in inflation. The COLTENE Group has taken a range of actions to reduce costs and increase product prices in all markets worldwide.

The new STATIM B6000 is a compact six-liter autoclave with fractionated vacuum technology and offers flexible loading, shorter cycle times and enhanced digital capabilities.



13 Years

Technical Challenges

I am very proud of the team I work with. We harmonize perfectly and understand each other blindly when it comes to adhering to workflows and ensuring the highest possible quality in the production of carbide burs. Our job is to set, monitor, and supply blanks to the numerous CNC milling machines that produce high-precision bur instruments for dentists. The ongoing renewal and revision of the existing machinery is a constant challenge for my team and me to stay up to date technically and in terms of IT. I particularly like the fact that I have made new friends here at work.

Eric Cross, Coltène/Whaledent Inc., USA
Technician and Machinist Rotating Instruments since 2009

Sustainability Report

Dear Shareholders,

Uncertainty and change were constant companions during the pandemic. The experience invites comparison to the uncertainties facing the global community as a result of climate change. COLTENE is actively involved in helping to mitigate the negative impact of such external factors on the communities in which the Group operates. Last year, the sustainable use of resources and the focus on further nurturing our relationships with employees and customers became only more central to everything we do at COLTENE. Only constant engagement with our environment will inspire the curiosity and drive it takes to keep coming up with newer, better, and more sustainable solutions. Group Management lives by and models these values.

With all the developments around sustainability, COLTENE increasingly fields requests for information on non-financial aspects of its reporting. To satisfy this demand, the Group began publishing environmental data as early as 2015 and continued expanding its Sustainability Report (formerly Production, Environment and Sustainability, and Production and Environment prior to that). With its new rules on non-financial reporting, Switzerland's regulator now also issues binding requirements. The new reporting standards will come into force in early 2024 for the 2023 financial year. With this in mind, the COLTENE Board of Directors and Group Management moved to restructure and expand the Sustainability Report.

COLTENE has created a new corporate sustainability officer role to support Group Management in this endeavor. In this chapter, COLTENE reports its Group sustainability management philosophy and publishes a full stakeholder overview. The chapter also includes a more detailed description of the COLTENE business model and the Group's responsibilities as a medical device manufacturer, along with expanded employee and workplace safety statistics.

COLTENE is a developer and manufacturer of sustainable products and services that help people maintain healthy and natural teeth.



Martin Schaufelberger
CEO

COLTENE Business Model

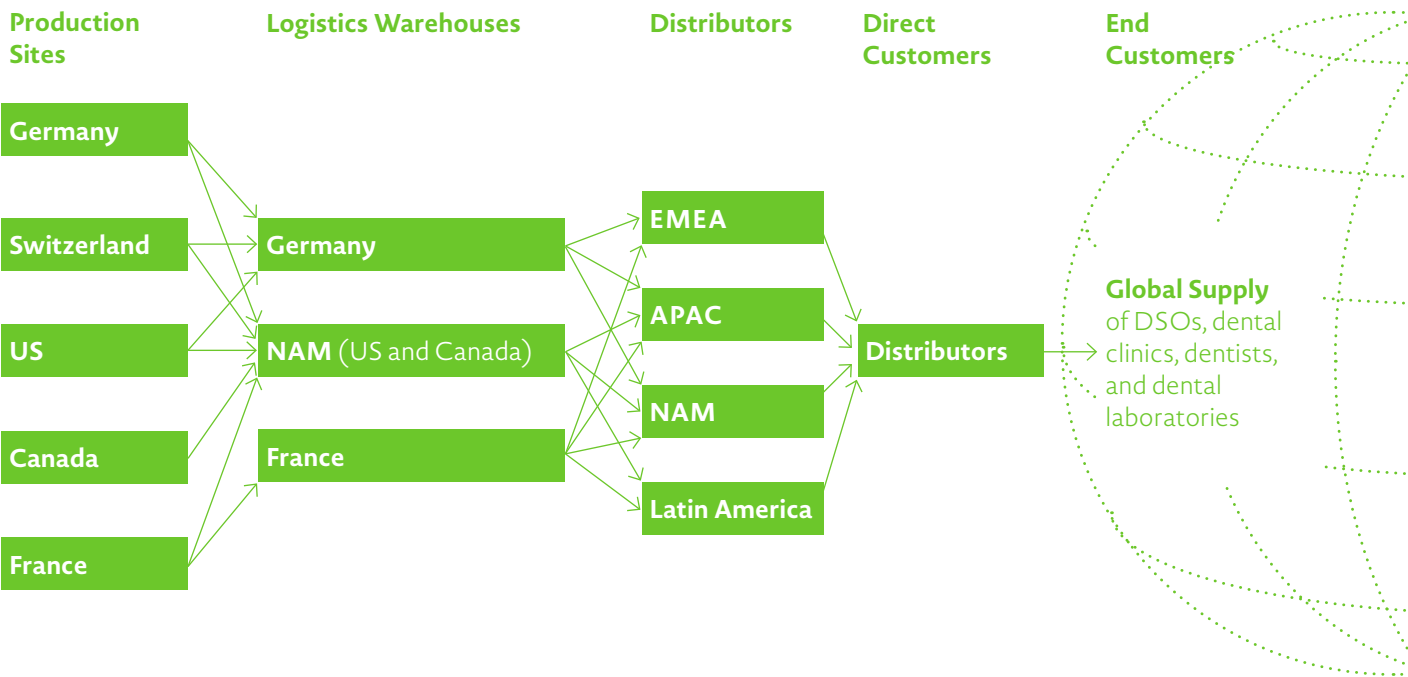
COLTENE develops and manufactures dental consumables and small equipment for DSOs, dental clinics, and dental labs. The Group develops and makes its products at five state-of-the-art production sites in Europe and North America. It maintains 17 sales organizations and employs a salesforce of more than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

Some of the comprehensive product portfolio is designed to ensure efficient workflows in a great variety of dental procedures and treatments. Page 4 provides an overview of the three product groups. The COLTENE Group sells its products to dental vendors worldwide. Products are shipped directly from the factory or from the warehouses in the US, Canada, Germany, and

France, as the case may be. In China, India, and Japan, the Group also has marketing and sales organizations with their own warehouses.

End customers buy the products from dental dealers worldwide as needed.

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 sales force visits and trains dentists in dental practices, in COLTENE training rooms and in various venues around the world, all to maintain 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 rolls and pellets 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, guttapercha and paper points, diamond and carbide burs, and now under the MDR, also impression materials.
- Products that pose a higher risk to patients are classified as Class 3. These products are of substantial importance to human health or pose a particularly high inherent risk of illness or injury. Examples include Gelatamp sponges. These are absorbable, well-tolerated products for safe disinfection and hemostasis (clotting) and are used in preventing infections and secondary bleeding in wound cavities after extractions.

Requirements for certification and technical documentation vary by product class. All COLTENE Group sites are duly certified and all products meet the registration requirements for the different markets. Thus, 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 organization (see also page 46 in this report). This ensures that synergies are unlocked and information flows across teams.

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

- Dental impression materials including renowned C-Silicone and A-Silicone products
- Restorative products for innovative and proven esthetic filling restorations and a wide range of adhesives and bonding agents
- Diamond burs for use in the dental practice
- Dental diamond and silicone polishers
- Autoclavable polishers
- Polishers for dental lab technician use

In *Langenau, Germany*, COLTENE develops and manufactures:

- Endodontic products for root canal cleansing, drying, and obturation under the Roeko, Hygenic, Luna, and Surgitip brands
- 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:

- Pins and posts like the ParaPost X system, carbide burs, and root canal instruments
- Ultrasonic cleaning and disinfection devices for instruments used in dentistry
- Electrosurgery systems for tissue removal and polymerization lamps

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

- Cassette autoclaves (STATIM) and chamber autoclaves (BRAVO)
- Automated instrument washer-disinfectors (HYDRIM)
- Water distillers (AQUASTAT)
- Cleaning and maintenance units for dental instruments such as handpieces and contra angles
- Cleaners and disinfectants for surfaces and dental instruments (OPTIM)

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

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

In North America and Germany, the COLTENE Group operates its own service centers for maintenance and repair of its dental products. In various other countries, these services are provided by certified third parties.

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 to retain 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 directness are earned through decisive action, responsible leadership, and consistent performance.

At COLTENE, sustainability issues are discussed and handled at Group level and locally at each production site. At Group level in 2021, sustainability was the focus of one meeting each for the Board of Directors and Group Management. These governing bodies resolved to strategically expand the Group's sustainability reporting. To ensure satisfactory reporting and include the appropriate KPIs, COLTENE intends to prepare its sustainability reports with its key stakeholders including investors, dentists, and patients in focus. As before, COLTENE's approach will be to publish its sustainability reporting as a chapter included in the Annual Report.

Core Policies and Guidelines

COLTENE adheres to the precautionary principle at every level of its organization. Decision makers respond to plausible suspicions of problems by taking precautions and acting in the best interest of all stakeholders.

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 signature authorization and delegation of authority policy. These are complemented at the local level by rules, policies, and guidelines specific to each country and cultural environment in which COLTENE Group companies operate.

Employees are empowered to report any violations of the Code of Conduct or of applicable law, either at Group level by notifying the CFO or within their local organization. The Group website features a secure whistleblower line via a specialist third-party provider.

At the end of 2021, COLTENE in Altstätten, Switzerland, hired a recent University of St Gallen graduate on a part-time basis to further develop sustainability topics at Group level.

Implementation at Subsidiaries

COLTENE maintains a quality management and registration department at each manufacturing site it operates. These departments make sure that only duly certified medical devices enter the market. Quality management and risk management functions are established at Group level and at every manufacturing site. All COLTENE Group 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 follows the ISO 14971:2012 standard.

At Coltene/Whaledent AG in Altstätten, Switzerland, sustainability is implemented on a project-by-project basis. This is primarily the responsibility of the process engineering department (also "Verfahrenstechnik"). One key priority is reducing electricity use, as the site is an energy-intensive user due to its manufacturing

processes. With support from an external consultant, the site has achieved considerable reductions in its electricity use over the past eight years. In the year under review, solar panels were installed to generate 145 MWh of power annually, covering about 20 % of the site's electricity use. As part of a product packaging redesign, a classification system was introduced for cardboard and plastic packaging that facilitates resource conservation and the reduced use of packaging materials.

The site has the necessary permits and facilities to ensure that hazardous substances used minimally 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). An employee survey newly provided feedback on improvements in HR. It is planned to create an internal function to coordinate and implement the various environmental and sustainability measures going forward.

At the COLTENE plant in Langenau, Germany, sustainability issues are coordinated and monitored by the responsible person in consultation with the management. Special attention is paid to raising awareness within the organization and introducing recycling concepts for resources such as cotton. For 2022, the plan is to calculate the carbon footprint using Greenhouse Gas (GHG) Protocol tools and to follow up with further measures to reduce carbon emissions. Annual employee satisfaction surveys generate workforce feedback on metrics such as career satisfaction, compensation, work-life balance, communication and more that provide the basis for continuous improvement actions.

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

Annual employee surveys generate feedback on important social issues that provide the basis for continuous improvement actions. The various sustainability aspects are handled by different people in the company. For example, the safety coordinator is responsible for environmental sustainability and a designated HR person for social sustainability, and a further employee for diversity and inclusion. There is also an Employment Engagement Committee to organize employee events, and a Diversity Advisory Council.

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

The SciCan manufacturing site in Toronto addresses sustainability via projects driven by R&D, Industrial Engineering, and the health and safety committee. In 2021, sustainability-related projects included, but were not limited to, the following:

- Reducing foam packaging for devices
- Recycling and reusing water for final quality control testing on the sterilizer unit production line

The health and safety officer is responsible for environmental sustainability whereas 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, with savings on insurance premiums each year. 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 in Besançon, France, last year became a signatory to the United Nations Global Compact (UNGC) with its ten principles and sustainable development goals. The company also signed on to the Impact France Movement's manifesto of businesses for a sustainable economy. In December 2021, Micro-Mega registered for its first-ever EcoVadis sustainability assessment and scored a silver rating. Scoring 60 points out of a maximum possible 100, Micro-Mega outperformed the industry benchmark of sustainability-rated businesses and ranked among the top 8 % of medical and dental device manufacturers with an EcoVadis rating.

For several years now, Micro-Mega has run numerous projects for more sustainable practices 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 to be taken. The purpose of these projects is to:

- Step up actions to improve energy efficiency
- Reduce the use of chemicals
- Increase the share of sustainable local suppliers
- Foster employee well-being in the workplace
- Guarantee gender equality

Stakeholders and Stakeholder Interaction

In 2021, COLTENE identified the relevant stakeholder groups and surveyed some of them, with the focus on sustainability. The stakeholder groups surveyed and their channels of interaction with COLTENE are detailed below.

Employees

In 2021, a survey at the Altstätten site canvassed 62 employees on various aspects of sustainability. More than 90 % of respondents felt it was 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. Nearly all employees surveyed were in favor of COLTENE investing in reducing its environmental footprint. Actions suggested to this effect included using renewable energy sources, reducing waste and resource use, 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, fostering employee empowerment and job satisfaction, 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, aggression, and harassment in the workplace, and internal policies and guidelines. Role-specific training is managed by the relevant department and is assigned and documented via a training matrix. The training database is audited annually and HR monitors all entries made by departments.

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 exempted from paying premiums for non-occupational accident insurance and daily sickness benefits insurance. Benefits paid under the mandatory pension plan exceed the statutory (BVG) 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: The subsidiary contributes to the long-term savings plan in Germany (vermögenswirksame Leistung, VL). Employees can build up savings capital, augmented with employer contributions. The savings may be drawn for a variety of purposes, such as home ownership or retirement.

Coltène/Whaledent Inc., Cuyahoga Falls, USA: The employer finances 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.

Each manufacturing site provides charging stations for electric vehicles, free of charge to employees. All Group companies support employee development through career-related continued education and training. 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 interact with management. All sites provide regular employee training opportunities in-house.

Direct Customers: Dental Vendors

By teaming up with dental vendors for regular field visits with 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. Product usage and product quality information is also collected and feeds into the same continuous improvement process.

In a 2021 survey, COLTENE evaluated different dentists' needs and expectations around sustainability. The survey was conducted online and by telephone 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 whose practice uses 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 University of St. Gallen student, COLTENE conducted research on the significance the various dimensions of sustainability might have for investors as a stakeholder group.

The results showed that investors, too, increasingly pay attention to sustainability criteria. The investors surveyed also cited governance as a key factor in their investment decisions. Access to 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
- Investor Relations contact, in 2021 featuring an IR Day in Altstätten
- Conferences attended: 2021 Investora and Baader Helvea conferences
- Investor meetings organized by banks and brokers
- Direct talks with investors and analysts
- Lunch meetings with analysts and investors
- Media days

Suppliers

COLTENE has a global network of suppliers, and with these as with all its stakeholder groups, the company pursues sustainable, long-term partnerships.

Stakeholder Interaction Channels

- Code of Conduct
- Vendor assessments
- Continuous contact via 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 development in host communities.

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

Local Communities

Contributing to the success of host communities as business locations is a key pillar of COLTENE's business philosophy. COLTENE is committed to the communities where its sites operate, 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 has partnered with the University of Lorraine (Faculty of Odontology, Nancy campus) in France.

Stakeholder Interaction Channels

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

Ecological Factors

Research & Development, Materials

Research & Development is where the operation, performance, safety, and usability of a product is evaluated 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 via 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 minimal.

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

- Hygiene and treatment auxiliaries: 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 resource use year after year. Full compliance is maintained with all local rules on the storage and disposal of toxic or hazardous material and untreated wastewater. In each country, this is handled by authorized specialist contractors. 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 uniform process. Electricity and water use is 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 2 emissions respects country-specific energy factors.

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


In 2021, consumption of electricity, oil, gas, and water increased from a year earlier, reflecting the marked upswing in utilization rates of production capacities. All wastewater from COLTENE sites is discharged via water treatment plants. In other words, the wastewater discharged is the same volume as the clean water used. Waste reduction measures were impactful, and total waste was less compared to both 2020 and 2019. Indirectly, this also meant a slight reduction in the amount of materials recycled.

In 2021, the Altstätten plant had solar panels installed on its rooftop to generate 145 MWh of power annually, ensuring autonomy for close to 20 % of the site's electricity needs going forward.

Environmental Data by COLTENE Group Plant

Input	unit	2019	2020	2021	Delta 2021/2020		Output	unit	2019	2020	2021	Delta 2021/2020
Electricity	MWh	1063	1020	1291	27%		CO2	t	344	293	388	33%
Oil	t	46	35	53	52%		Recycling	t	92	50	51	3%
Gas	1000 m³	6	4	-	-100%		Waste	t	113	117	149	28%
Water	m³	9015	6349	11918	88%		Wastewater	m³	8125	6349	11918	88%
Electricity	MWh	919	834	936	12%		CO2	t	862	806	934	16%
Oil	t	2	-	-	n.a.		Recycling	t	79	62	85	37%
Gas	1000 m³	96	99	121	23%		Waste	t	30	34	42	24%
Water	m³	1564	1934	1959	1%		Wastewater	m³	1564	1934	1959	1%
Electricity	MWh	2604	2884	2963	3%		CO2	t	1971	2147	1901	-11%
Oil	t	-	-	-	n.a.		Recycling	t	41	49	53	9%
Gas	1000 m³	97	94	94	0%		Waste	t	38	31	37	20%
Water	m³	4779	5609	5122	-9%		Wastewater	m³	4779	5609	5122	-9%
Electricity	MWh	1240	1065	1115	5%		CO2	t	621	548	584	6%
Oil	t	-	-	-	n.a.		Recycling	t	54	87	38	-57%
Gas	1000 m³	98	89	97	9%		Waste	t	286	382	204	-47%
Water	m³	9463	6153	7744	26%		Wastewater	m³	9463	6153	7744	26%
Electricity	MWh	1264	1072	1391	30%		CO2	t	346	286	375	31%
Oil	t	8	7	11	49%		Recycling	t	7	20	29	41%
Gas	1000 m³	59	46	59	29%		Waste	t	26	16	14	-13%
Water	m³	1428	1465	1721	17%		Wastewater	m³	1428	1465	1721	17%

Environmental Data of All COLTENE Group Plants Combined

Input	unit	2019	2020	2021	Delta 2021/2020		Output	unit	2019	2020	2021	Delta 2021/2020
Electricity	MWh	7 090	6 875	7 696	12%		CO ₂	t	4 144	4 079	4 181	3 %
Oil	t	56	42	64	51 %		Recycling	t	272	268	255	−5 %
Gas	1000 m ³	355	332	371	12%		Waste	t	493	579	446	−23 %
Water	m ³	26 249	21 510	28 464	32%		Wastewater	m ³	25 359	21 510	28 464	32%

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 sourced from a Swiss supplier and conforming to both Directive 2011/65/EU and Germany's Electrical and Electronic Equipment Act (ElektroG), which makes it compliant with the Restriction of (the use of certain) Hazardous Substances in electrical and electronic Equipment (RoHS).

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.

Social Factors

Employees – Workplace Health and Safety

Official workplace safety regulations and inspections apply in every country in which COLTENE operates manufacturing sites. Each site appoints safety officers to coordinate and implement actions for compliance. 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.

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.

In *Toronto*, workplace inspections take place monthly according to 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 workplace safety regulations. Meetings and site visits are conducted on a regular basis. In addition, the employer's liability insurance fund (Berufsgenossenschaft, BG) 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.

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.

Accident Statistics: Occupational Accidents at Manufacturing Sites and Sales Organizations

	2021	2020
Coltène/Whaledent AG, Switzerland	8	6
Coltène/Whaledent GmbH + Co. KG, Germany	5	3
Coltène/Whaledent Inc., USA	3	4
SciCan Ltd., Canada	5	7
Micro-Mega SA, France	3	7
Other sites, total	1	1
Total	25	28

These statistics have been updated from the previous year to include occupational accidents recorded at sales organizations in 2020.

In all, there were 25 occupational accidents in 2021. 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.

These statistics have been updated from the previous year to include 2020 data for employees at COLTENE Group sales organizations.

The employee turnover rate Group-wide was about 16% in 2021. The slightly higher rate compared to the previous year is due to organizational changes and job changes related to the coronavirus pandemic. The goal is to reduce the turnover rate over the course of the coming years.

Unlike in 2020, however, there was no need to request reduced hours under short-time work programs in 2021, nor were there any mandatory suspensions from work without pay (furloughs) as there had been in the US a year earlier. To provide the most effective coronavirus health safeguards possible for employees at every site, notably to avoid sick days as demand for products continued rebounding, government-mandated protection measures were complied with and implemented Group-wide.

Statistics (Employees of all COLTENE Group Companies)

		2021	in %	2020	in %
Number of permanent employees – FTEs	Men	606	52 %	580	51 %
	Women	552	48 %	555	49 %
	Total	1 157	100 %	1 135	100 %
Number of temporary employees – FTEs	Men	40	48 %	32	66 %
	Women	44	52 %	16	34 %
	Total	84	100 %	48	100 %
Number of full-time employees – FTEs	Men	633	51 %	600	51 %
	Women	554	45 %	524	44 %
	Total	1 187	96 %	1 124	95 %
Number of part-time employees – FTEs	Men	11	1 %	13	1 %
	Women	44	4 %	46	4 %
	Total	55	4 %	59	5 %
Leadership positions	Men	119	71 %	115	71 %
	Women	49	29 %	47	29 %
	Total	168	100 %	162	100 %
Total FTEs	Men	647	52 %	612	52 %
	Women	595	48 %	571	48 %
	Total	1 242	100 %	1 183	100 %

Diversity

On the COLTENE Group Board of Directors, the average age is 56.5 and two of 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 lead 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, a gender equality officer is responsible for this. In France, where employment equity is monitored by law via the Gender Equality Index, Micro-Mega scored 90 out of 100 points as of February 2020. The COLTENE site in Cuyahoga Falls in Ohio, USA, issued a Diversity, Equality, and Inclusion statement in 2020 and participates in events related to these topics.

In 2021, the Altstätten site conducted a gender pay gap analysis as required under Swiss law. The analysis covered the salaries of 196 employees, whereof 111 (56.6%) were women and 85 (43.4%) men. Coltène/Whaledent AG successfully passed the analysis.

Governance Factors

Quality Management and Risk Management

In Europe, COLTENE is subject to the Medical Device Directive (MDD), superseded since May 2021 by 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 every one of its manufacturing sites. Production adheres to standard operating procedures (SOP). These define sets of prescribed steps to follow 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.

The local teams enforce compliance with the quality management systems and ensure that the latest versions are applied at all times. These same teams continuously monitor local applicable law for changes to requirements and implement these updates. In addition, the medical device regulations are the basis on which risk assessments are defined and performed for products and processes. Measures are defined and implemented for all high and elevated risks to mitigate them.

Once on the market, products and their usage in the market are monitored on an ongoing basis (post market surveillance). This allows gathering information and feedback for continuous product improvement, and looping it back into internal processes.

Insurance policies are effected as necessary for any obligatory or reasonably insurable risks. So-called umbrella policies are in effect at Group level to cover significant risks and include commercial third-party liability and product liability insurance, property and marine insurance, and more. These policies insure against the relevant risks at Group level for all legal entities of the COLTENE Group. For more details on Group-level risk management, see the chapter on Corporate Governance, pages 44 to 67. The production sites are audited annually by an accredited notified body for full legal and regulatory conformity. Any non-conformities found are promptly rectified and their rectification is monitored by this notified body. This ensures that the COLTENE Group is compliant with the 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 enter 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. Anticompetitive and illegal practices, as well as any violation of competition laws are prohibited.
- *Disclosure and records:* COLTENE 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, and contracts; and more. 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):* 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 that sourcing decisions must be made according to criteria as follows: Economy and efficiency, processes, social and ecological considerations, protecting human rights, fighting corruption, and protecting the environment.

Any breach of the Code of Conduct will result in disciplinary action in accordance with the severity of the breach, up to and including by termination of employment. Employees are empowered to report 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. COLTENE's manufacturing sites in the EU provide a whistleblower line. It is available to everyone via the Group website.



31 Years Variety

I like that during my many years of service I have been able to work in different departments and demonstrate my abilities. As Micro-Mega changed and evolved, I had opportunities to grow and upgrade my skills along with it. Now I am responsible for quality assurance, the final step before our products are released. I appreciate the variety, the independence as well as the great responsibility of my job, which brings me in daily contact with various employees in the departments of our company. My strong customer service ethic helps me work with my colleagues to solve problems quickly and to everyone's satisfaction.

Judith Bourgoïn, Micro-Mega SA, France
Employee Quality Control Rootcanal Instruments since 1991

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 on page 70 to page 80. All information is valid as at 31 December 2021, 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 2021, the market capitalization amounted to CHF 671.7 million (previous year CHF 513.9 million). All Group companies are ultimately owned at 100 % by COLTENE Holding AG.

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

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

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

On 12 November 2020 COLTENE do Brazil Ltd. was founded to distribute products imported into Brazil from other COLTENE production sites in the future.

End of December 2020 the Group decided to sell the Brazilian subsidiary Vigodent SA to local entrepreneurs.

On 1 January 2021 Coltène/Whaledent AG, Altstätten, has acquired assets and liabilities from Kenda AG, Vaduz, 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 107 of the Financial Report.

Major Shareholders

As of 31 December 2021, there were 2020 shareholders (previous year: 2204) 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 1 335 412 registered shares. These equals voting rights of 22.35 %. Huwa Finanz- und Beteiligungs AG is representing the families of Ruedi Huber, Balgach, Switzerland, Helene Huber, Heerbrugg, 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 683 924 registered shares. These equals voting rights of 11.45 %. 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, 242 254 registered shares, representing 4.05 % of the voting rights.

Credit Suisse Funds AG, Zurich, Switzerland, held 207 766 registered shares or 3.48 % of the voting rights.

UBS Fund Management (Switzerland) AG, Zurich, Switzerland, held 192 637 registered shares or 3.22 % of the voting rights.

All other shareholders held a stake of 38.17 % of the voting rights of COLTENE Holding AG.

The Company held 84 treasury shares amounting to 0.00 % (previous year: 0.00 %) at the balance sheet date. Shares pending registration of transfer amounted to 16.91 % (previous year 12.52 %) of the total as at 31 December 2021.

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 Gerhard Mahrle, 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, John Westermeier (Vice President Sales & Marketing Communication of North America), and Christophe Loretan, Vice President Sales & Marketing Communication of Europe and Rest of the World (ROW).

Changes of Group Management

Gerhard Mahrle, Chief Financial Officer of the COLTENE Group since 1 January 2014 retired on 31 December 2021. Markus Abderhalden (age 43), a Swiss citizen, took up his position as CFO of the COLTENE Group on 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.

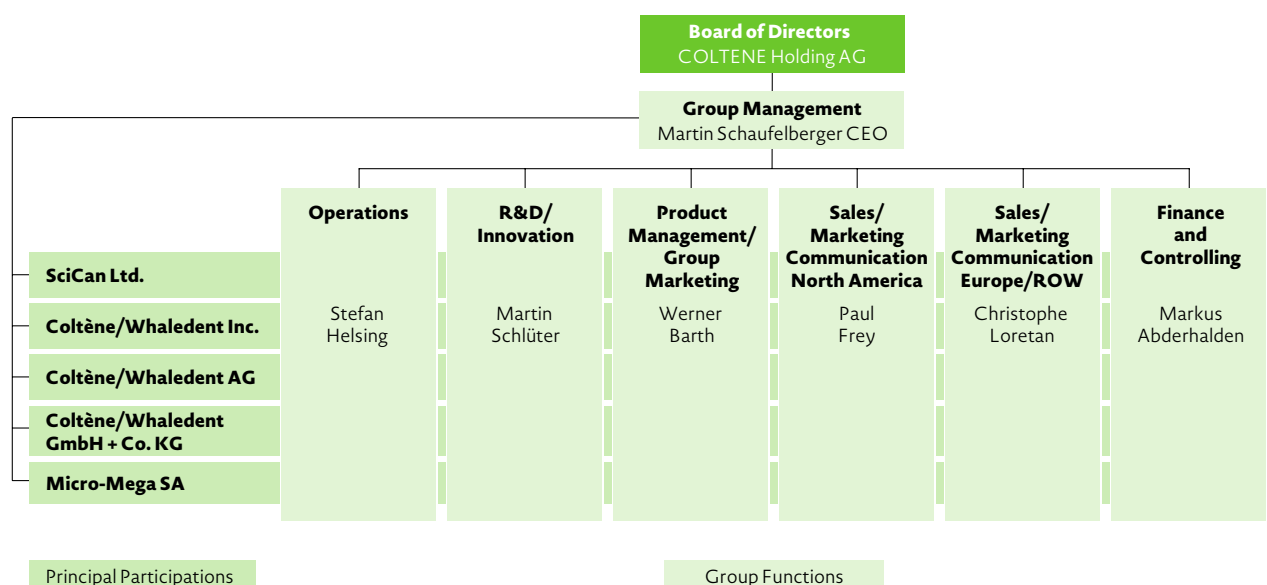
John Westermeier, Vice President Marketing & Sales North America and Managing Director of SciCan Ltd. in Toronto has decided for private reasons to step down from Group Management of COLTENE end of June 2021. With effect from 1 January 2022, Paul Frey (age 47), Vice President Sales & Marketing Communication

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.

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 on page 50.

Group structure and management organization of the COLTENE Group as per 1 January 2022:



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 112 and 113.

Authorized or Conditional Capital

According to Paragraph 3 para. 9 of the Articles of Incorporation, the Board of Directors had the authorization to increase the share capital of COLTENE Holding AG in an amount not exceeding CHF 6842.00 (which corresponds to approximately 1.14 % of the current share capital) at any time until 13 September 2020, by way of issuance of up to 68 420 registered shares with a nominal value of CHF 0.10 each to be fully paid in. The authorized capital expired unused on the mentioned date. Following the expiry of the deadline set for the authorized capital, the Board of Directors decided at its meeting on 25 February 2021, to delete the corresponding article in the Articles of Incorporation of

COLTENE Holding AG. The deletion of this article was approved by the Annual General Meeting of 31 March 2021 in the context of further amendments to the Articles of Incorporation.

COLTENE Holding AG has no conditional capital.

Changes in Capital

The changes in equity of COLTENE Holding AG that occurred during the last three financial years are shown in the table below.

Changes in equity

In CHF 1000	31.12.2021	31.12.2020	31.12.2019
Share capital	598	598	598
Statutory reserves	120	120	84
Capital contribution reserve without foreign reference	49 983	49 983	49 983
Capital contribution reserve with foreign reference	74 988	92 913	101 877
Capital contribution reserve	124 971	142 896	151 860
Reserves for treasury shares	-8	-2	-1
Net income brought forward	36 639	29 061	34 915
Total	162 320	172 673	187 456

Based on the Annual General Meeting's decision on 31 March 2021, the Company distributed a dividend of CHF 3.00 (previous year CHF 1.50) per share paid out to its shareholders on 8 April 2021, from capital contribution reserves with foreign reference. The total amount paid was TCHF 17 924 (previous year TCHF 8963).

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 2021, 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 2021, 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 2021, the law firm Lenz & Staehelin, Zurich, where the board member Astrid Waser is partner, received CHF 43 000 (2020: CHF 27 000 and 2019: CHF 13 000) for legal advice. In 2021, the main part of the fee was related to the support in a court case and in 2020 to the legal advice in connection with the sale of Vigodent SA. The fees paid in 2019 were mainly for 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 52 to 56

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 2021, the Board of Directors met eight times (previous year ten times). These meetings lasted in average four to eight hours. In one meeting, the Board of Directors discussed the Group Strategy together with the enlarged Group Management during a two-day workshop. On one occasion in 2020, the circular method was used for decision-making; none in 2021.

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

Since March 2020, the meetings were mostly held via telephone or video conferencing systems due to the personal meeting restrictions because of the COVID-19 pandemic. Despite these restrictions, meetings in 2021 and the previous year were also held physically from time to time to ensure personal contact. The local rules for physical meetings were always adhered to. In both years, some meetings also took place in a mixed form with personal participation and video conferencing.

In 2021, 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. In the previous year, a member of the Board of Directors was excused from four Board of Directors meetings and another member of the Board of Directors was excused from one Board of Directors meeting and one Audit and Corporate Governance Committee 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.

Attendance rates at meeting of	2021	2020
Board of Directors	95 %	93 %
Audit and Corporate Governance Committee	89 %	92 %
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 48, 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 2021, a total of twenty-six risks have been assessed in a matrix along four stages of probability of occurrence and four stages of impact on net income. The protocol additionally compares the current assessment to the previous year. Five out of the twenty-six risks have been classified as critical in terms of potential impact on net income and probability of occurrence. For example, tax risks and respective potential impact are considered to be low, in contrast to cyber threats. The analysis includes newly assessed risks such as a global pandemic.

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

Based on an approved Internal Control System policy by the Board of Directors, the internal control mechanisms are reviewed and documented. At least once a year, a member of the Audit and Corporate Governance Committee reviews in detail the assessment of risk by Group Management as well as the corrective and mitigative actions implemented. The findings of the Committee are reviewed regularly by the Board of Directors. 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 2021, 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

Members	Function Board of Directors	Born in	Year of first election	2021	
				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

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
- Since 2020 Director of Diagnostic Imaging, Veterinary Medical Teaching Hospital, University of California, Davis
- Since 2021 President-elect, 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

Gerhard Mahrle

- Chief Financial Officer COLTENE Group (2014–2021)
- lic. oec. HSG, University of St. Gallen
- Swiss citizen, born in 1957

Professional background (main stages)

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

Other important activities and vested interests

Gerhard Mahrle has no other important activities and vested interests.

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

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.

John Westermeier

- Vice President Sales & Marketing Communication North America COLTENE Group
- Member of Group Management (January 2020 – June 2021)
- B.A. Marketing & Communications Canisius College, Buffalo, NY
- US citizen, born in 1965

Professional background (main stages)

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

Other important activities and vested interests

John Westermeier has no other important activities and vested interests.

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

Other important activities and vested interests

John Westermeier has no other important activities and vested interests.

Group Management

On 1 January 2022, COLTENE Holding AG's Group Management consisted of seven persons (in 2021 and 2020 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 45 and 46 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 58 to 62.

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 72 to 79 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 are in effect at 31 December 2021, 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 308 000 (CHF 303 000 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 no fees for non-audit-related services (CHF 6000 in previous year). This amount was mainly paid for services in connection with tax-related questions of restructuring projects. The execution or assistance of EY in the preparation of financial statements, the consolidated financial statements, and related documents is not admissible.

Supervisors and Control Instruments Pertaining to the Auditors

As explained on page 49, 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 2021, 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 120.

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 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 and 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 7575 54 80

investor@coltene.com

For important dates of publications this year, the following year and contact addresses refer to page 7 and page 120.

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 on 1 January 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 on 1 July 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

											
Dec	Jan	Feb	March	April	May	June	July	Aug	Sep	Oct	Nov

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 and the Group CEO 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.



COLTENE

Hyflex[®] CW
Guttapercha Spitzeln
Guttapercha Points
0.04 COLTENE
High Modulus 2.0 mm 1000000

36 Years Flexibility

When I started working at Roeko in the mid-eighties, the company in Langenau was still independent. In 2002, 20 years ago, it was taken over by the COLTENE Group. Since then, a lot has changed. Thanks to the integrated SAP software, we can retrieve our production orders in a simple way and then log the manufactured products in the system. Today, this is done electronically without a lot of paper. This makes production very flexible. What I appreciate about my interesting and precision work is the great team spirit and the mutual support.

Marie-Désirée Fleischer, Coltène/Whaledent GmbH + Co. KG, Germany
Employee Guttapercha Production since 1986

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 2020 and 2021. 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 99 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 52 to 62.

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 49). 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.

Until the AGM 2021, all compensation approvals were submitted in advance to the AGM for voting. 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 will come 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 shall be asked to approve 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 year before 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 95.

Directors receive until the ordinary AGM 2022 a fixed annual cash amount and a fixed amount of money in shares, blocked for three years. 100 % of Directors' compensation is fixed. Their pay includes no variable component. The Directors receive 80 % to 90 % of the fixed compensation in cash and the remaining 10 % to 20 % in shares valued at the volume weighted average share price of the preceding month of the pay date.

The 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 55 %. 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.

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 in detail on pages 76 and 77 of this Compensation Report.

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

Compensation Elements

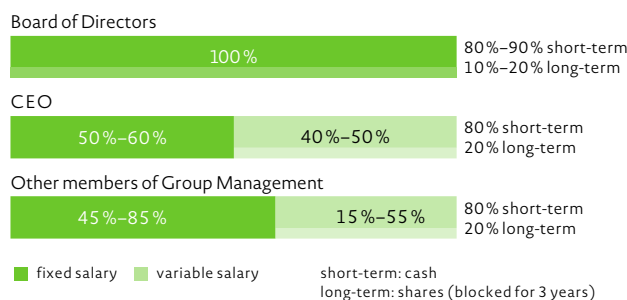


Fig. 2: Compensation Elements

3.1 Fixed Compensation Elements

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

- Base salary
- Pension plan benefits¹ (subject to local practices and regulations)
- Other benefits (subject to local practices and regulations)

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

Base salary

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

Other benefits

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

3.2 Variable Compensation Elements

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

In 2020 net sales and results of the COLTENE Group were impacted by the COVID-19 pandemic. In many core markets, governments mandated the full or partial closing of dental practices or they were restricted to treating emergency patients only. This lockdown was an extrinsic factor beyond the influence of Group Management. The Board of Directors therefore decided to measure in 2020 the quantitative targets of Group Management not on a yearly basis as usual, but on a quarterly basis. For this purpose the annual quantitative targets were broken down into quarterly targets according to monthly budgeted figures and measured on this basis but annual targets remained unchanged. In this way target achievement could better reflect the results of measures taken by Group Management to mitigate the COVID-19 pandemic. This change of procedure for the assessment of the quantitative targets of Group Management and hence of the determination of the variable compensation was a one-time issue and only applied to financial year 2020. In 2021 the variable compensation of Group Management was determined again as in past years based on the yearly budget and on individual 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 2021 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).

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. Each member of Group Management can achieve a maximum of 100 points or 100 % by meeting the individual targets. If, for example, 80 points are achieved or 80 % of the individual targets are met, 80 % of the variable compensation agreed for this part of the variable compensation is paid out. Attainment of individual targets of each member of Group Management is finally approved by the Board of Directors at the end of the financial year.

The principle individual targets of COLTENE Group management members for 2021 included market targets such as the successful introduction of a new cassette sterilizer in Europe, the implementation of the

new COLTENE pricing system, and the strengthening of the DSO organization as well as operational targets such as the introduction of a new customer service tool, the group wide harmonization of the CRM tool, and preparing the organization for the changes according to MDR. These individual targets were achieved in a range from 80 % to 83 %.

Weighting by variable compensation component

The variable compensation components are weighted as follows:

- Each quantitative target has a weighting of 15 %–55 %
- The individual or personal targets have a combined weighting of 20 %–55 %

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

Weighting of quantitative criteria

The measurement scale for the achievement of quantitative financial targets (company performance and financial targets) extends from 0 % to a maximum of 120 % and is based on a line joining three points as explained in the illustration. Entitlement to 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

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 %
CFO and COO	60 %–80 %	20 %–40 %	25 %–35 %	40 %–50 %	20 %–30 %	20 %	80 %
VP Sales/Marketing	45 %–80 %	20 %–55 %	45 %–55 %	25 %–35 %	25 %–30 %	20 %	80 %
VP R&D/Innovation	60 %–80 %	20 %–40 %	15 %–25 %	25 %–35 %	45 %–55 %	20 %	80 %

Fig. 3: Composition of Group Management compensation

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.

Scale of Variable Compensation Elements

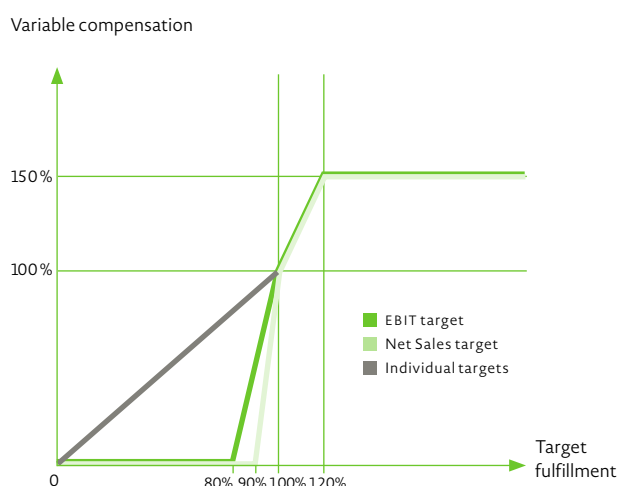


Fig. 4: Scale of variable compensation elements

Weighting of personal targets

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

Total variable compensation and 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 73 and illustrated in Fig.2. This means that overachievement of one or more quantitative targets may compensate underachievement of other quantitative or qualitative targets.

Long-term component versus short-term component

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

Until fiscal year 2021, the amount of the long-term portion of the variable compensation of each Group Management team member is divided by the grant price of the COLTENE shares. This results in the total number of shares that are granted for each Group Management team member for the reporting period. The calculation of the grant price is based on the Swiss Performance Index (SPI) of the SIX Swiss stock exchange. This calculation is defined so that if COLTENE shares outperform the SPI, Group Management members are rewarded with a larger amount of money in shares in proportion with the outperformance and in the case of underperformance are penalized by rewarding Group Management with a lower amount of money in shares. The shares are granted at the SPI index price based on COLTENE's share price. The grant price for the reporting period is calculated based on the reference share price of the reporting period. Starting 2020, the reference price for COLTENE shares and for the SPI index are reset to the year-end share price of the prior year every four years forming the bases (SPI reference and reference share price) for the following four-year period. Based on the index price, the relative performance of the SPI is applied to calculate the grant price for COLTENE shares awarded to Group Management team members.

The following formula is applied 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 apply:

- CLTN reference share price is 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 is 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.

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

Changes with regard to compensation to the Board of Directors and to Group Management

Based on the amended Articles of Incorporation that were approved by the AGM on 31 March 2021 the Board of Directors decided the following changes with regard to the compensation to the Board of Directors and to Group Management:

Board of Directors

- Each member of the Board of Directors shall in future receive as part of the total compensation a fixed number of shares instead of a fixed amount of money in shares for a one year period.
- 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.
- The total compensation to the Board of Directors shall be approved for a one-year period from one ordinary AGM to the next ordinary AGM prospectively.

Value of share portion in case of overperformance/underperformance

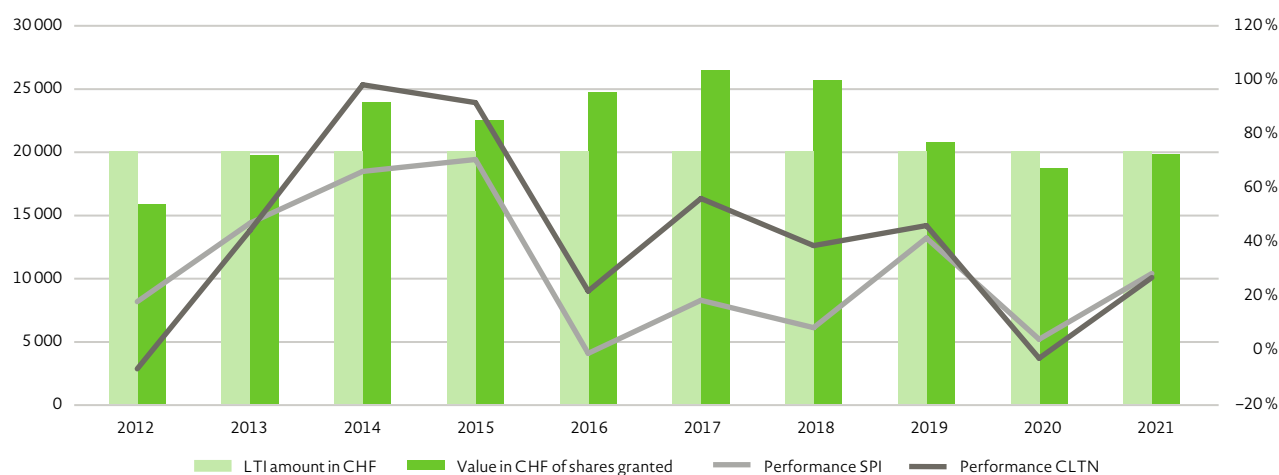


Fig. 5: Value of share portion of variable compensation

Group Management

- Each member of Group Management shall receive from fiscal year 2022 onwards a predefined fixed number of shares as part of the variable compensation. The number of shares granted in future was calculated for the first time based on the volume weighted average share price (VWAP) of COLTENE shares for the period from 1 October 2021 to 31 December 2021, which was CHF 108.42.
- Each member of Group Management is entitled to receive 20 % of the variable compensation as a maximum in shares. This amount will be divided for each individual by the VWAP to calculate the maximum number of shares to be granted in future. This maximum number of shares shall then be fixed for a certain number of years.
- The allocation of the effective number of shares depends on the individual 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 also.
- The total variable compensation to Group Management including the allotment of the shares shall be approved by the AGM retrospectively for the previous financial year.
- The Board of Directors has the authority to adjust the maximum number of shares for Group Management members on its discretion.
- The remaining 80 % of the variable compensation to Group Management members will be continued to be paid in cash.
- The fixed compensation to Group Management in cash shall be approved by the AGM in advance as today.

The new long-term incentive system is easy to 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.

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.

4 Remuneration of Directors and Group Management

The tables below show the compensation paid to the members of the Board of Directors and of Group Management for the years 2020 and 2021.

Remuneration of the Board of Directors

In CHF

	Base remuneration		Other remuneration	Total
	in cash	in shares ¹	Social security ²	
2020				
Nick Huber	76 667	20 000	12 509	109 176
Erwin Locher	67 083	10 000	6 193	83 276
Jürgen Rauch	57 500	10 000	0	67 500
Matthew Robin	67 083	10 000	9 977	87 060
Astrid Waser	57 500	10 000	8 737	76 237
Roland Weiger	57 500	10 000	8 737	76 237
Allison Zwingenberger	57 500	10 000	8 737	76 237
Total³	440 833	80 000	54 890	575 723
2021				
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
Total	460 000	80 000	65 249	605 249

¹ The number of shares granted in 2020 is calculated based on the weighted average share price of the month of March (2021: March) of the subsequent year.

² Company paid social security contributions incl. AHV, IV, and ALV.

³ As a response to the negative impacts of the COVID-19 pandemic Group Management decided to introduce short-time work or furloughs (temporary layoffs) where feasible. In order to adjust production capacities in line with lower demand, the workforce was reduced by 10 %, or roughly 145 FTE. Most temporary employment contracts were terminated, and a hiring freeze was put in place. In the spirit of solidarity, the Board of Directors reduced their own remuneration in cash by 10 % for the period of five months starting from the second quarter.

Remuneration of Group Management

In CHF

	Base remuneration	Variable remuneration ¹		Other remuneration		Total
	in cash	in cash	in shares ²	Social security ³	Other benefits	
2020						
Martin Schaufelberger	395 088	287 984	85 129	147 120	20 692	936 013
Other members	1 475 500	584 597	172 983	345 981	85 438	2 664 499
Total⁴	1 870 588	872 581	258 112	493 101	106 130	3 600 512
2021						
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
Total⁵	1 934 811	1 064 305	249 657	567 056	47 498	3 863 327

¹ The variable remuneration, which includes cash bonus and shares, is not paid out in the reporting period. It is accrued for and paid out in the following year based on the decision of the Board of Directors.

² The value of shares granted is calculated based on the share price at closing of the grant date. For 2020, it was 25 February 2021, and the share price was CHF 109.00. For 2021, it was 23 February 2022, and the share price was CHF 106.60.

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

⁴ In 2020, the total compensation increased due to one more Group Management member that was appointed on 1 January 2020 despite the negative impact of the COVID-19 pandemic on the financial results of the COLTENE Group and hence on the variable compensation to Group Management and to the voluntary waiver of part of the fixed compensation.

⁵ In 2021 the total compensation was higher than in 2020 mainly due to the good results of the entire COLTENE Group that led to a high payout ratio of the variable compensation to Group Management.

Approved remuneration of the Board of Directors and Group Management by the AGM for 2021

On 2 April 2020, the AGM approved the remuneration for the Board of Directors and Group Management for the financial year 2021 based on the Ordinance Against Excessive Compensation in Public Corporations (VegüV) and the Articles of Incorporation of COLTENE Holding AG of 9 October 2018.

Approved remuneration of the Board of Directors

The AGM approved an aggregate remuneration of the members of the Board of Directors of CHF 620 000. The division into cash and shares was not part of the approval. In total, the Board of Directors received as compensation CHF 525 249 in cash and CHF 80 000 in shares.

Compensation paid to the Board of Directors in 2021 in CHF

	Approved compensation	Actual compensation
Total compensation in cash	n/a	525 249
Total compensation in shares	n/a	80 000
Overall compensation	620 000	605 249

The remuneration of the Board of Directors for 2021 was within the overall approved amount.

Approved remuneration of Group Management

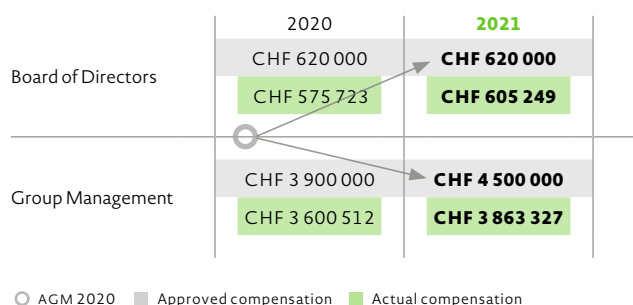
The AGM approved an aggregate remuneration to Group Management of CHF 4 500 000. In total, Group Management received as compensation CHF 3 863 327. The approved amount for the fixed compensation was CHF 2 900 000 and the received amount was CHF 2 549 365. For the variable compensation CHF 1 600 000 were approved and CHF 1 313 962 were received.

Compensation paid to Group Management in 2021 in CHF

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

The remuneration of Group Management for 2021 was within the approved amounts.

Summary of compensation to the Board of Directors and Group Management



Loans

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

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

Number of shares held by the Board of Directors

	31.12.2021	31.12.2020
Nick Huber	24 269	20 095
Erwin Locher	1 623	3 936
Jürgen Rauch	634	547
Matthew Robin	4 692	5 505
Astrid Waser	454	367
Roland Weiger	1 555	1 468
Allison Zwingenberger	259	172
Total Board of Directors	33 486	32 090

Number of shares held by Group Management

	31.12.2021	31.12.2020
Martin Schaufelberger	9 131	12 350
Gerhard Mahrle	3 728	3 346
Werner Barth	1 811	1 648
Stefan Helsing	20 738	40 402
Christophe Loretan	548	756
Martin Schlüter ¹	80	0
John Westermeier ^{1,2}	455	0
Total Management	36 491	58 502

¹ New members of Group Management appointed on 1 January 2020.

² 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 2021 and approved it on the Board of Directors' meeting of 23 February 2022. It will be presented to the shareholders for consultative approval at the Annual General Meeting on 21 April 2022.

Report of the Statutory Auditor

To the General Meeting of COLTENE Holding AG, Altstätten
St. Gallen, February 23, 2022



Report of the Statutory Auditor on the Remuneration Report

We have audited the remuneration report of COLTENE Holding AG for the year ended December 31, 2021. The audit was limited to the information according to articles 14–16 of the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance) contained in the tables in Chapter 4 on pages 78 to 79 of the remuneration report.

Board of Directors' Responsibility



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

Auditor's Responsibility



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

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

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

Opinion

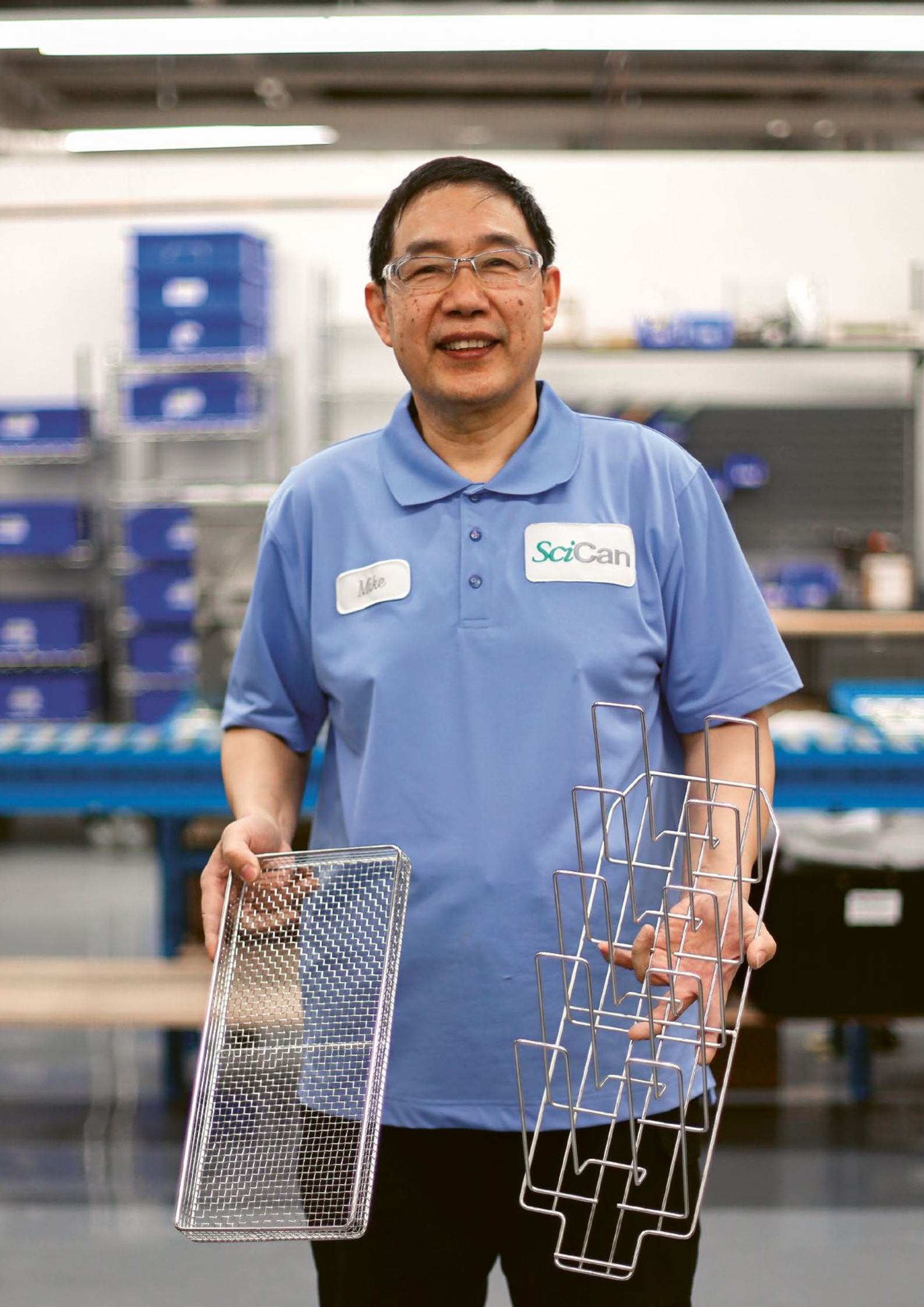


In our opinion, the remuneration report for the year ended December 31, 2021, of COLTENE Holding AG complies with Swiss law and articles 14–16 of the Ordinance.

Ernst & Young Ltd

Iwan Zimmermann
Licensed audit expert
(Auditor in charge)

Erik Zeller
Licensed audit expert



18 Years

Quality Enhancement

I started working on sub-assembly and assembly lines for six years before I went on to build HYDRIM machines. Now I am the final production step for our HYDRIM Automated Instrument Washers. “Quality First” drives the work and excites me. I inspect and test the final machine, ensuring its quality standards are met and everything works as intended. It is very satisfying to see quality continually increasing each year, knowing that I am helping improve our products for our customers. I enjoy working with my team, the COLTENE SciCan family, and look forward to many more years with them.

Qin (Mike) Zhu, SciCan Ltd., Canada
Master Assembler, Production Employee since 2004

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Consolidated Income Statement

In CHF 1000

	Ref.	2021	2020
Net sales	1	279 242	248 352
Other operating income		35	29
Changes in inventories of finished goods and work in progress		-1 698	1 212
Raw material and consumables used		-90 095	-89 102
Personnel expenses	2	-94 414	-84 928
Other operating expenses	4	-42 836	-46 277
Depreciation on tangible fixed assets	14	-5 523	-5 395
Amortization on intangible assets	16	-915	-632
Operating profit (EBIT)		43 796	23 259
Financial income and expenses	5	-2 595	-5 231
Net profit before tax		41 201	18 028
Income taxes	6	-9 493	-9 796
Net profit for the period	8	31 708	8 232
Earnings per share	8	CHF 5.31	CHF 1.38
Diluted earnings per share	8	CHF 5.31	CHF 1.38

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.	31.12.2021	31.12.2020
Cash and cash equivalents		25 733	38 473
Trade accounts receivable	9	36 969	40 709
Prepaid expenses and deferred income	12	1 561	1 251
Other short-term receivables	11	3 033	3 147
Inventories	13	63 661	52 000
Current assets		130 957	135 580
Tangible fixed assets	14	49 193	47 235
Financial assets	10	367	355
Intangible assets	16	4 911	3 595
Deferred tax assets	7	1 310	866
Non-current assets		55 781	52 051
Total assets		186 738	187 631
Short-term financial liabilities	18	42 843	59 962
Trade accounts payable	19	12 143	7 690
Other short-term liabilities	20	3 364	9 079
Short-term provisions	22	1 985	1 158
Accrued liabilities and deferred income	21	14 052	13 122
Current liabilities		74 387	91 011
Long-term financial liabilities	18	75	377
Deferred tax liabilities	7	2 273	3 107
Long-term provisions	3,22	2 604	2 902
Non-current liabilities		4 952	6 386
Total liabilities		79 339	97 397
Share capital		598	598
Capital reserves		135 472	153 396
Treasury shares		-8	-2
Retained earnings		-28 663	-63 758
Total equity	23	107 399	90 234
Total liabilities and equity		186 738	187 631

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.	2021	2020
Net profit for the period		31 708	8 232
Depreciation of tangible fixed assets and amortization of intangible assets ¹	14, 16	6 438	10 885
Change in provisions not affecting the fund		384	221
Other expenses and income not affecting the fund		11 732	17 421
Change in trade accounts receivable		4 352	3 893
Change in inventories		-11 441	2 175
Change of other short-term receivables, prepaid expenses, and deferred income		732	-733
Change in trade accounts payable		4 473	-3 280
Change in other short-term liabilities, accrued liabilities, and deferred income		-1 048	542
Interest paid		-426	-784
Interest received		23	22
Income tax paid		-14 412	-3 788
Cash flow from operating activities		32 515	34 806
Purchase of tangible fixed assets		-7 685	-7 393
Proceeds from sale of tangible fixed assets		109	83
Purchase of intangible assets		-2 219	-2 077
Acquisitions and disposals (net of cash)		0	-1 129
Cash flow from investing activities		-9 795	-10 516
Proceeds from financial liabilities		4 500	30 753
Repayments of financial liabilities		-22 125	-29 652
Dividends paid to shareholders	23	-17 924	-8 963
Proceeds/purchase of treasury shares	23	-279	-220
Cash flow from financing activities		-35 828	-8 082
Effect of exchange rate changes on cash		368	-699
Change in cash and cash equivalents		-12 740	15 509
Cash and cash equivalents at beginning of year		38 473	22 964
Cash and cash equivalents at end of year		25 733	38 473

¹ In 2020, depreciation and amortization include also the effect from recycling of goodwill related to the disposal of Vigodent SA.
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.								
01.01.2020		598	162 359	-1	572	-230 380	158 062	-71 746	91 210
Net profit of the period		0	0	0	0	0	8 232	8 232	8 232
Acquisition of treasury shares		0	0	-220	0	0	0	0	-220
Share-based compensation		0	0	219	0	0	-22	-22	197
Dividends	23	0	-8 963	0	0	0	0	0	-8 963
Foreign currency differences		0	0	0	-4 728	0	0	-4 728	-4 728
Changes in consolidation group		0	0	0	0	4 859	0	4 859	4 859
Goodwill offset		0	0	0	0	-353	0	-353	-353
31.12.2020		598	153 396	-2	-4 156	-225 874	166 272	-63 758	90 234
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 ¹		0	0	0	0	0	238	238	238
Share-based compensation		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
31.12.2021		598	135 472	-8	-1 079	-225 874	198 290	-28 663	107 399

¹ Earn-out from Vigodent SA Transaction
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 23 February 2022, for issue. The financial statements are subject to approval by the Annual General Meeting of Shareholders scheduled to take place on 21 April 2022.

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

	31.12.2021	Ø 2021	31.12.2020	Ø 2020
1 USD	0.9122	0.9143	0.8803	0.9384
1 EUR	1.0331	1.0812	1.0802	1.0705
1 CAD	0.7178	0.7295	0.6910	0.7001

Cash and Cash Equivalents

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

Trade Accounts Receivable

Accounts receivable in respect of deliveries and services and other accounts receivable are generally due for settlement within 30 to 60 days and therefore are all classified as current. Trade receivables and other receivables are recognized initially at the amount of consideration that is unconditional. The Group holds

the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at nominal value less impairment, if any. Indications for impairment are: substantial financial problems of the customer, a declaration of bankruptcy, or a material delay in payment.

Inventories

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

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

Tangible Fixed Assets

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

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

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

Intangible Assets

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

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

Impairment of Assets

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

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

Financial Assets

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

Trade Accounts Payables, Financial Liabilities, and Other Liabilities

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

Provisions

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

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

Off-Balance-Sheet Transactions

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

Employee Benefit Obligations

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

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

Share-Based Payments

All members of the Board of Directors receive a fixed amount in shares with a blocking period of three years without any vesting conditions. Group Management receives a variable remuneration. Part of the variable remuneration is paid in shares with a blocking period of three years without any vesting conditions. The valuation of the shares takes place at the grant date, the related expense is recognized immediately in the income statement. For further details, see pages 70 to 80 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.

On 1 January 2021 SciCan Medtech AG was merged into Coltène/Whaledent AG.

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

Significant Estimates and Judgments

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

1 Group-wide Information

Net Sales from Contracts with Customers

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

Net sales by geographical regions

In CHF 1000	2021	2020
EMEA	97 635	81 812
North America	138 903	127 681
Latin America	12 178	11 333
Asia/Oceania	30 526	27 526
Net sales	279 242	248 352

Net sales by products and services

In CHF 1000	2021	2020
Infection Control	96 296	94 128
Dental Preservation	79 440	66 369
Efficient Treatment	103 506	87 855
Net sales	279 242	248 352

Net sales of TCHF 63 734 (previous year TCHF 50 173) corresponding to 22.8 % of Group net sales (previous year 20.2 %) 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 1228 employees (previous year 1304). As per year-end 2021, 1242 FTEs were employed (2020: 1189 FTEs). Detailed information on personnel expenses:

Personnel expenses

In CHF 1000	2021	2020
Wages and salaries	72 935	66 769
Social Security Expenses	15 503	15 308
Other personnel expenses	5 976	2 851
Total	94 414	84 928

Personnel expenses include TCHF 330 (previous year TCHF 338) for share-based payment transactions with the Board of Directors and Group Management.

In 2021, COLTENE Group was entitled to short-time work compensation of TCHF 89 (previous year TCHF 3806). 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 2021, the coverage rate amounted to 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

	Surplus/ deficit		Financial share of the organization	Change vs. prior year	Contributions in the period	Pension benefit expense as part of personnel expense	
In CHF 1000	31.12.2021	31.12.2021	31.12.2020	2021	2021	2021	2020
Pension funds without surplus/deficit	0	0	0	0	2 224	2 224	2 216
Pension funds without own assets	0	948	1 041	-93	108	14	-9
Total	0	948	1 041	-93	2 332	2 238	2 207

4 Other Operating Expenses

Other operating expenses

In CHF 1000	2021	2020
Production expenses	10 327	9 035
Marketing	7 990	7 077
Consulting	5 427	3 784
Selling and administration expenses	19 091	17 535
Other expenses ¹	1	8 846
Total	42 836	46 277

¹ In 2020, other expenses comprise the effects of the sale of Vigodent SA of TCHF 8846.

In 2021, TCHF 9049 (previous year TCHF 9465) 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	2021	2020
Interest income on cash and cash equivalents	23	22
Exchange rate differences and other financial income	57	6
Total financial income	80	28
Interest expenses for bank overdrafts and loans	-415	-795
Exchange rate differences and other financial expenses ¹	-2 260	-4 464
Total financial expenses	-2 675	-5 259
Total financial result	-2 595	-5 231

¹ In 2020, exchange rate differences and other financial expenses include effects from recycling of currency translation differences that arose on equity loans of Vigodent SA.

6 Tax Expenses

Tax expenses comprise the following positions:

Tax expenses

In CHF 1000	2021	2020
Current taxes	10 834	8 324
Deferred taxes	-1 341	1 472
Total	9 493	9 796

Tax expenses can be analyzed as follows:

Tax expenses

In CHF 1000	2021	2020
Net profit before tax expenses	41 201	18 028
Tax expenses at applicable tax rate of 23 % (29 %)	9 513	5 228
Effects of non-tax-deductible expenses	360	240
Effects of tax-exempt income/ income taxed at another rate	1 663	-369
Effects of tax loss not capitalized in current year	1	3 990
Effects of tax loss used not capitalized in prior years	-133	-193
Effects of change in tax rate on deferred taxes	-40	256
Effects of revaluation of DTAs	0	25
Tax adjustments prior years	173	378
Withholding tax not refundable	656	468
Other impacts ¹	-2 700	-227
Actual tax expense	9 493	9 796
Effective tax rate in %	23.0 %	54.3 %

¹ Includes TCHF -2616 effects from changes in investments (2020: TCHF -468)

The applicable tax rate represents a weighted average rate based on all Group companies. Compared to last year, the applicable tax rate decreased from 29 % to 23 %. This decrease is mainly because entities with lower tax rates had proportionally higher profits in 2021 than in 2020.

Tax expenses of TCHF 9493 represent an effective tax rate of 23 % (previous year 54.3 %) of net profit before tax. For 2020, the difference between applicable and effective tax rate related largely to effects from losses that do not qualify for future tax benefits. These losses are mainly related to effects from the disposal of Vigodent SA and from losses incurred in Group companies in Brazil and India.

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

Tax losses

In CHF 1000	2021	2020
Tax losses capitalized		
Expiration between 1 and 5 years	273	223
Expiration over 5 years	0	1 546
Total	273	1 769
Deferred tax assets of capitalized tax losses		
Expiration between 1 and 5 years	71	69
Expiration over 5 years	0	207
Total	71	276
Tax losses not capitalized		
Expiration between 1 and 5 years	0	0
Expiration over 5 years	6 713	13 595
Total	6 713	13 595
Estimated tax effect of not capitalized tax losses		
Expiration between 1 and 5 years	0	0
Expiration over 5 years	1 880	2 999
Total	1 880	2 999

The declined balance of tax losses capitalized is largely attributable to a Group company in Switzerland that was able to fully offset current year gains with previous year losses.

Tax losses not capitalized are mainly attributable to Germany. The drop of tax losses not capitalized compared to the previous period is attributable to a Swiss entity that was able to offset all prior year losses with non-taxable gains in 2021.

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	2021		2020	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Receivables and accruals	776	425	259	334
Inventories	1 953	464	1 387	353
Property, plant, and equipment	0	3 120	0	2 608
Intangible assets	116	34	130	49
Provisions	517	88	255	48
Deferred taxes from losses carried forward	71	0	276	0
Deferred taxes on equity reserves	0	265	0	1 156
Offset of deferred assets and liabilities	-2 123	-2 123	-1 441	-1 441
Total	1 310	2 273	866	3 107

8 Earnings per Share

Net profit amounts to TCHF 31 708 (previous year TCHF 8232). Earnings per share (EPS) are calculated as follows:

Earnings per share

	2021	2020
Weighted number of shares issued at 31.12. ¹	5 974 932	5 975 354
Earnings per share (based on net profit for the period)	CHF 5.31	CHF 1.38
Diluted earnings per share (based on net profit for the period)	CHF 5.31	CHF 1.38

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

9 Trade Accounts Receivable

Trade accounts receivable

In CHF 1000	2021	2020
Trade accounts receivable from third parties (gross)	37 746	41 530
Allowance	-777	-821
Total trade accounts receivable (net)	36 969	40 709

Trade accounts receivable (gross) by maturity

In CHF 1000	2021	2020
Not due	25 742	31 308
Past due 1 to 30 days	7 191	6 474
Past due 31 to 60 days	1 574	1 304
Past due 61 to 90 days	945	754
Past due 91 to 120 days	546	152
Past due over 120 days	1 748	1 538
Total	37 746	41 530

Trade accounts receivable by maturity including allowance

In CHF 1000	2021	2020
Not due	25 675	31 085
Past due 1 to 30 days	7 191	6 448
Past due 31 to 60 days	1 574	1 295
Past due 61 to 90 days	945	749
Past due 91 to 120 days	522	145
Past due over 120 days	1 062	987
Total	36 969	40 709

As per 31 December 2021, no trade accounts receivable are pledged (previous year also none).

10 Financial Assets

Financial assets

In CHF 1000	2021	2020
Loans to third parties	367	355
Total financial assets	367	355

11 Other Short-term Receivables

Other short-term receivables

In CHF 1000	2021	2020
Net VAT/Tax receivables	1 885	1 327
Wage and T&E expenses advances	98	107
Prepayments for suppliers	201	174
Deposits	297	355
Other short-term receivables	552	1 184
Total	3 033	3 147

12 Prepaid Expenses and Deferred Income

Prepaid expenses and deferred income

In CHF 1000	2021	2020
Personnel expenses	14	83
Insurance costs	76	97
License fees	744	468
Exhibition and marketing expenses	206	111
Other prepaid expenses and deferred income	521	492
Total	1 561	1 251

13 Inventories

Inventories are as follows:

Inventories (net)

In CHF 1000	2021	2020
Raw materials	24 475	21 734
Work in progress	10 528	10 962
Finished goods	20 289	19 774
Trade merchandise	15 917	9 905
Prepayments to suppliers	3 864	656
Total inventories gross	75 073	63 031
Allowances	-11 412	-11 031
Total inventories net	63 661	52 000

No inventories are pledged as of 31 December 2021 and 2020.

14 Tangible Fixed Assets

Gross values

In CHF 1000

	Machinery and equipment ¹	Land	Buildings (incl. inst.)	Assets under construction	Total
Value 31.12.2019	70 365	3 282	41 112	2 718	117 477
Change in consolidation scope	-1 043	-95	-954	0	-2 092
Additions	3 673	311	676	2 918	7 578
Disposals	-1 466	0	-213	-28	-1 707
Currency effects	-2 826	-44	-1 444	-125	-4 439
Reclassification	2 650	35	469	-2 973	181
Value 31.12.2020	71 353	3 489	39 646	2 510	116 998
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
Value 31.12.2021	73 142	3 118	41 274	4 825	122 359

Accumulated depreciation

In CHF 1000

	Machinery and equipment	Land	Buildings (incl. inst.)	Assets under construction	Total
Value 31.12.2019	50 929	21	19 074	0	70 024
Change in consolidation scope	-773	0	-329	0	-1 102
Depreciation	4 162	8	1 225	0	5 395
Disposals	-1 439	0	-213	0	-1 652
Currency effects	-2 140	0	-742	0	-2 882
Reclassification	160	31	-211	0	-20
Value 31.12.2020	50 899	60	18 804	0	69 763
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
Value 31.12.2021	52 620	19	20 527	0	73 166

Net values

In CHF 1000

	Machinery and equipment	Land	Buildings (incl. inst.)	Assets under construction	Total
Value 31.12.2020	20 454	3 429	20 842	2 510	47 235
Thereof in finance lease value 31.12.2020	452	0	0	0	452
Value 31.12.2021	20 522	3 099	20 747	4 825	49 193
Thereof in finance lease value as of 31.12.2021	227	0	0	0	227

¹ Some Assets which were previously shown under Buildings have been reclassified to Machinery. The previous years have been adjusted accordingly. This change increased the gross value of machinery and equipment by TCHF 20 144 and the accumulated depreciation of TCHF 12 608 as of 31 December 2019.

Contractual Commitments

As per 31 December 2021, 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 2021, was TCHF 227. 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 2021 and 2020.

15 Operating Leasing

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

Leasing

In CHF 1000	2021	2020
Not later than 1 year	2 386	2 493
1 to 5 years	6 819	6 112
Later than 5 years	5	1 335
Total	9 210	9 940
Total later than 1 year	6 824	7 447

For 2021, lease expenses amounted to TCHF 3655 (previous year TCHF 3489).

16 Intangible Assets

Gross values

In CHF 1000

	Software	Patents and technical know-how	Licences	Trademarks and publishing rights	Development cost ¹	Other intangible assets	Total
Value 31.12.2019	8 430	263	292	277	1 833	236	11 331
Additions	1 115	0	0	0	997	0	2 112
Disposal	-57	-33	0	0	0	0	-90
Currency effects	-36	-28	-27	-25	-129	-3	-248
Reclassification	138	0	-87	0	-220	0	-169
Value 31.12.2020	9 590	202	178	252	2 481	233	12 936
Additions	1 889	0	0	0	279	26	2 194
Disposal	-57	0	0	0	0	0	-57
Currency effects	-51	-6	10	9	88	-9	41
Reclassification	-11	11	0	0	0	0	0
Value 31.12.2021	11 360	207	188	261	2 848	250	15 114

Accumulated amortization

In CHF 1000

	Software	Patents and technical know-how	Licences	Trademarks and publishing rights	Development cost	Other intangible assets	Total
Value 31.12.2019	7 456	223	286	223	510	236	8 934
Amortization	375	13	0	24	217	3	632
Disposal	-56	-19	0	0	0	0	-75
Currency effects	-27	-42	-26	-18	-34	-6	-153
Reclassification	110	-25	-82	0	0	0	3
Value 31.12.2020	7 858	150	178	229	693	233	9 341
Amortization	631	11	0	16	254	3	915
Disposal	-57	0	0	0	0	0	-57
Currency effects	-28	-1	10	8	24	-9	4
Reclassification	0	0	0	0	0	0	0
Value 31.12.2021	8 404	160	188	253	971	227	10 203

Net values

In CHF 1000

	Software	Patents and technical know-how	Licences	Trademarks and publishing rights	Development cost	Other intangible assets	Total
Value 31.12.2020	1 732	52	0	23	1 788	0	3 595
Value 31.12.2021	2 956	47	0	8	1 877	23	4 911

¹ Development cost charged from third parties.

No impairment was recognized for the periods presented.

17 Theoretical Goodwill

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

Theoretical goodwill

In CHF 1000	2021	2020
Value as of 1.1.	225 874	230 380
Additions from acquisitions	0	353
Disposals ¹	0	-4 859
Cost (gross) as of 31.12.	225 874	225 874
Accumulated translation adjustments	-10 604	-16 102
Value as of 31.12.	215 270	209 772

In CHF 1000	2021	2020
Accumulated amortization as of 1.1.	-119 084	-85 905
Amortization	-38 068	-38 038
Disposal	0	4 859
Accumulated amortization as of 31.12.	-157 152	-119 084

Theoretical book values net

In CHF 1000	2021	2020
As of 1.1.	90 688	140 804
As of 31.12.	58 118	90 688

Effect on income statement

In CHF 1000	2021	2020
Net profit	31 708	8 232
Amortization of goodwill	-38 068	-38 038
Theoretical net profit/loss (-) incl. amortization of goodwill	-6 360	-29 806

Theoretical book values net

In CHF 1000	2021	2020
Equity according to balance sheet	107 399	90 234
Theoretical capitalization of net book value of goodwill	58 118	90 688
Theoretical equity incl. net book value of goodwill	165 517	180 922

¹ Last years disposal of Goodwill was due to the disposal of Vigodent SA.

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	2021	2020
Bank loans	42 687	59 771
Leasing liabilities	156	191
Total current financial liabilities	42 843	59 962
Bank loans	4	93
Leasing liabilities	71	284
Total non-current financial liabilities	75	377
Total financial liabilities	42 918	60 339

Remaining life of leasing liabilities

In CHF 1000	2021	2020
<1 year	156	191
1-5 years	71	284
Total leasing liabilities	227	475

Current bank loans

In CHF 1000					2021
Maturity		Currency	Interest rate		
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					2021
Maturity		Currency	Interest rate		
17.07.2022	unsecured	EUR	0.30 %	4	
Total					4

Current bank loans

In CHF 1000

Maturity		Currency	Interest rate	2020
29.01.2021	unsecured	USD	1.10 %	880
18.03.2021	unsecured	USD	1.17 %	880
31.03.2021	unsecured	USD	1.07 %	1 320
02.04.2021	unsecured	USD	1.08 %	1 012
30.04.2021	unsecured	USD	1.09 %	617
31.03.2021	unsecured	USD	1.02 %	617
08.01.2021	unsecured	CHF	0.80 %	50 000
10.07.2021	unsecured	EUR	1.35 %	3
31.12.2021	unsecured	EUR	0.70 %	32
31.12.2021	unsecured	EUR	0.30 %	54
20.07.2021	unsecured	EUR	1.35 %	35
10.07.2021	unsecured	EUR	0.50 %	4 321
Total				59 771

Non-current bank loans

In CHF 1000

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

Credit lines amount to TCHF 158 252 (previous year TCHF 163 628) of which 27 % are used (previous year 37 %). Covenants exist for selected bank loans. Covenants were met for both periods.

Total committed credit lines amount to TCHF 75 000 (previous year 75 000) of which TCHF 35 000 are used (previous year 50 000). Covenants were met for both periods.

The Group intends to repay the bank loans of TCHF 42 687 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	2021	2020
Trade accounts payable from third parties	12 143	7 690
Total trade accounts receivable (net)	12 143	7 690

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	2021	2020
Net VAT obligations	410	429
Current income tax obligations	808	4 259
Prepayments from customers	364	614
Reclassification of accounts receivables	544	696
Other short-term liabilities	1 238	3 081
Total	3 364	9 079

21 Accrued Liabilities and Deferred Income

Accrued liabilities and deferred income

In CHF 1000	2021	2020
Bonus, vacations, payroll taxes	6 887	5 437
Sales bonus	1 553	1 471
Social security	854	1 175
Outstanding invoices	279	215
Other accrued liabilities and deferred income	4 479	4 824
Total	14 052	13 122

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
31.12.2019	2 567	1 070	288	3 925
Additions	564	45	344	953
Reversals	-167	-59	-298	-524
Used	-66	-10	-126	-202
Currency effects	-64	-5	-23	-92
Reclassification	-513	0	513	0
31.12.2020	2 321	1 041	698	4 060
Additions	524	42	1 323	1 889
Reversals	-224	-74	-312	-610
Used	-348	-18	-276	-642
Currency effects	-43	-43	-22	-108
31.12.2021	2 230	948	1 411	4 589

Provision by maturity

In CHF 1000	Provision for guarantees & other provisions	Provision for employee benefit obligations	Provision for legal cases	Total
31.12.2020				
Short-term provisions	677	0	481	1 158
Long-term provisions	1 644	1 041	217	2 902
Total	2 321	1 041	698	4 060
31.12.2021				
Short-term provisions	574	0	1 411	1 985
Long-term provisions	1 656	948	0	2 604
Total	2 230	948	1 411	4 589

23 Equity

The share capital represents the capital of COLTENE Holding AG. Treasury stock on 31 December 2021, included 84 shares (previous year 19).

Treasury shares

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

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

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

The distribution of CHF 3.30 per share will be proposed to the General Meeting on 21 April 2022.

The non-distributable reserves in group equity amounted to TCHF 1509 as at 31 December 2021.

Based on the General Meeting decision on 31 March 2021, the Company paid out from capital contribution reserves CHF 3.00 (previous year CHF 1.50 paid out from capital contribution reserves) per share to its shareholders on 8 April 2021. The total amount paid was TCHF 17 924 (previous year TCHF 8963).

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 70 to 80 and in the notes to the closing of COLTENE Holding AG on page 116. 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 70 to 80 and in the notes to the closing of COLTENE Holding AG on page 116. All Board members are non-executive and have no material business interest with the COLTENE Group. In 2021, the law firm Lenz & Staehelin, Zürich, where Astrid Waser is partner, received CHF 46 000 (2020: CHF 27 000). 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. The rent includes also additional services provided by the lessor, such as accounting and administrative services.

In CHF 1000	2021	2020
Rent of production and office buildings	986	841

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 and the annual rent will increase in average by 2.1% until the expiry of the rental agreement.

Suppliers

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

In CHF 1000	2021	2020
Annual purchase value	2 874	3 096
Payables	578	157

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 2021	ownership 2020	principles ⁵
COLTENE Holding AG, Altstätten CH	4	CHF	597 558	n.a.	n.a.	F
Coltène/Whaledent AG, Altstätten CH	1	CHF	1 600 000	100 %	100 %	F
Coltène/Whaledent Vertriebsservice und Marketing GmbH, Altstätten CH	2	CHF	20 000	100 %	100 %	F
Coltène/Whaledent GmbH + Co. KG, Langenau DE	1	EUR	1 850 000	100 %	100 %	F
Dentalia Kft., Bicske HU	1	HUF	3 000 000	100 %	100 %	F
ROEKO Verwaltungs GmbH, Langenau DE	4	EUR	30 000	100 %	100 %	F
Coltène/Whaledent Ltd., Burgess Hill GB	2	GBP	200 000	100 %	100 %	F
Coltène/Whaledent S.à.r.l., Lezennes FR	2	EUR	503 000	100 %	100 %	F
Coltène Italy S.r.l., Milano IT	2	EUR	10 000	100 %	100 %	F
Coltène Iberia S.L., Madrid ES	2	EUR	10 000	100 %	100 %	F
Coltene Turkey Diş Sağlığı Ürünleri Ltd. Şti, Istanbul TR	2	TRY	20 000	100 %	100 %	F
Coltène/Whaledent Dental Materials & Equipment Trading Co. Ltd, Beijing CN	3	CNY	10 000 000	100 %	100 %	F
Coltène/Whaledent Private Limited, Mumbai IN	3	INR	64 800 000	100 %	100 %	F
Coltene Japan LLC, Tokyo JP	3	JPY	1 400 000	100 %	100 %	F
Coltene Australia Pty Ltd., Sydney AU	3	AUD	15 000	100 %	100 %	F
DentalDrives GmbH, Leutkirch DE	4	EUR	100 000	100 %	100 %	F
Micro-Mega International, Besançon FR	4	EUR	419 700	100 %	100 %	F
Micro-Mega SA, Besançon FR	1	EUR	2 900 000	100 %	100 %	F
Coltène/Whaledent Inc., Cuyahoga Falls US	1	USD	8 400 000	100 %	100 %	F
Diatech Inc., Mount Pleasant US	3	USD	100 000	100 %	100 %	F
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 Medtech AG, Zug CH	6	CHF	100 000	0	100 %	F
SciCan Ltd., Toronto CAN	1	CAD	729	100 %	100 %	F
SciCan GmbH, Leutkirch DE	3	EUR	25 564	100 %	100 %	F

¹ Production and sales of dental specialities

² Sales services and marketing of dental specialities

³ Sales of dental specialities

⁴ Holding company

⁵ F = Full consolidation

⁶ Company merged in 2021

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 23, 2022



Report of the Statutory Auditor on the Consolidated Financial Statements

As statutory auditor, we have audited the consolidated financial statements of COLTENE Holding AG, which comprise the consolidated income statement, consolidated balance sheet, consolidated cash flow statement, consolidated statement of changes in equity and notes to Group financial statements (pages 86 to 107), for the year ended December 31, 2021.

Board of Directors' Responsibility



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

Auditor's Responsibility



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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the consolidated financial

statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion



In our opinion, the consolidated financial statements for the year ended December 31, 2021 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with Swiss GAAP FER and comply with Swiss law.

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



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

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

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

Valuation of Inventory

Area of Focus

The total balances of inventory and inventory allowance as of December 31, 2021 amount to CHF 63.7 million and CHF 11.4 million, respectively, as described in note 13. We focused on this position because the gross inventory and related allowance are material to the financial statements, involve a level of judgment and are subject to uncertainty due to market demand changes.

Our Audit Response

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

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

Report on Other Legal Requirements



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

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

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

Ernst & Young Ltd

Iwan Zimmermann
Licensed audit expert
(Auditor in charge)

Erik Zeller
Licensed audit expert

Income Statement COLTENE Holding AG

In CHF	2021	2020
Dividend income	27 902 798	8 543 948
Other financial income	194 421	259 617
Other operating income	200 000	0
Total income	28 297 219	8 803 565
Financial expenses	-464 205	-694 110
Personnel expenses	-719 217	-574 733
Other operating expenses	-385 694	-721 664
Impairment loss on investments	-18 042 885	-12 051 781
Tax expenses	-1 108 045	-580 028
Total expenses	-20 720 046	-14 622 316
Profit/loss(-) of the year	7 577 173	-5 818 751

Balance Sheet COLTENE Holding AG

In CHF	31.12.2021	31.12.2020
Cash and cash equivalents	2 306 789	2 831 910
Other accounts receivable from third parties	239 550	19 613
Other accounts receivable from subsidiaries	40 172	8 469 414
Current assets	2 586 511	11 320 937
Long-term receivables from subsidiaries	15 483 043	22 036 381
Investments in subsidiaries	187 109 911	205 152 796
Non-current assets	202 592 954	227 189 177
Total assets	205 179 465	238 510 114
Trade accounts payable to third parties	14 253	10 025
Current interest-bearing liabilities to third parties	42 601 310	55 325 755
Other accounts payable to third parties	15 000	18 143
Other accounts payable to subsidiaries	12 771	9 953 305
Accrued liabilities and deferred income to third parties	127 846	241 071
Short-term provisions	88 314	288 746
Current liabilities	42 859 494	65 837 045
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	74 988 767	92 913 167
Voluntary reserves from retained earnings	29 061 375	34 880 125
Treasury shares	-7 541	-1 670
Profit/loss(-) of the year	7 577 173	-5 818 750
Total equity	162 319 971	172 673 069
Total liabilities and equity	205 179 465	238 510 114

Statements of Changes in Equity COLTENE Holding AG

In CHF	Share capital	Statutory reserves	Capital contribution reserves	Treasury shares	Net income brought forward	Total
31.12.2019	597 558	84 380	151 859 635	-1 308	34 915 257	187 455 522
Distribution to shareholders			-8 963 341		0	-8 963 341
Capital increase		35 132			-35 132	0
Change in treasury shares				-362	0	-362
Profit/loss(-) of the year					-5 818 750	-5 818 751
31.12.2020	597 558	119 512	142 896 294	-1 670	29 061 375	172 673 068
Distribution to shareholders			-17 924 400		0	-17 924 400
Allocation to the legal reserves					0	0
Change in treasury shares				-5 871	0	-5 871
Profit/loss(-) of the year					7 577 173	7 577 173
31.12.2021	597 558	119 512	124 971 894	-7 541	36 638 548	162 319 971

Notes to COLTENE Holding AG

Principals

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

Financial Assets

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

Treasury Shares

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

Investments

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

Foregoing Additional Disclosures in the Notes

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

Full-Time Equivalents

COLTENE Holding AG has no employees.

Investments in Subsidiaries

The major investments in subsidiaries are listed in note 26 on page 107 of this Annual Report.

Impairment Loss on Investments

In line with the dividends issued by SciCan Ltd. on 18 June 2021, in the sum of CHF 8 893 790 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 this Financial Statement, the Board of Directors and the Executive Management were not aware of any further important events subsequent to the reporting date.

Contingent liabilities

	31.12.2021	31.12.2020
Joint and several liability from group taxation for current and future value-added tax liabilities of Coltène/Whaledent AG and Coltène/Whaledent Vertriebsservice und Marketing GmbH	p. m.	p. m.

Treasury shares

	Average rate of transactions in CHF	Quantity
Inventory as of 1.1.2020		14
Acquisitions	87.87	2 500
Sales	79.04	-2 495
Inventory as of 31.12.2020		19
Acquisitions	89.22	3 129
Sales	89.21	-3 064
Inventory as of 31.12.2021		84

Significant shareholders¹

	31.12.2021	31.12.2020
HUWA Finanz- und Beteiligungs AG, Heerbrugg	22.35%	22.28%
Arthur Zwingenberger, Luzern	17.28%	17.28%
Rätikon Privatstiftung, Bludenz/Austria	11.45%	10.18%
Tweedy, Browne Company LLC, New York/USA ³	n.a.	4.21%
Robert Heberlein, Zumikon	4.05%	4.02%
Credit Suisse Asset Management Funds AG, Zürich ²	3.48%	n.a.
UBS Fund Management (Switzerland) AG, Zürich ²	3.22%	n.a.

¹ The Company is aware of the following registered shareholders who own 3 % or more of the shares. For more details see page 44.

² Ownership at 31 December 2020, <3 %

³ Ownership at 31 December 2021, <3 %

Number of shares held by Board of Directors

	31.12.2021	31.12.2020
Nick Huber, Chairman	24 269	20 095
Erwin Locher, member	1 623	3 936
Jürgen Rauch, member	634	547
Matthew Robin, member	4 692	5 505
Astrid Waser, member	454	367
Roland Weiger, member	1 555	1 468
Allison Zwingenberger, member	259	172
Total	33 486	32 090

Number of shares held by Executive Management

	31.12.2021	31.12.2020
Martin Schaufelberger, CEO	9 131	12 350
Gerhard Mahrle, CFO	3 728	3 346
Werner Barth, Vice President Marketing	1 811	1 648
Stefan Helsing, COO	20 738	40 402
Christophe Loretan, Vice President Sales	548	756
Martin Schlüter	80	0
John Westermeier ¹	455	0
Total	36 491	58 502

¹ Left company as of 30 June 2021

Remuneration of the Board of Directors

In CHF

	Base remuneration		Other remuneration	Total
	in cash	in shares ¹	Social security ²	
2020				
Nick Huber	76 667	20 000	12 509	109 176
Erwin Locher	67 083	10 000	6 193	83 276
Jürgen Rauch	57 500	10 000	0	67 500
Matthew Robin	67 083	10 000	9 977	87 060
Astrid Waser	57 500	10 000	8 737	76 237
Roland Weiger	57 500	10 000	8 737	76 237
Allison Zwingenberger	57 500	10 000	8 737	76 237
Total³	440 833	80 000	54 890	575 723
2021				
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
Total	460 000	80 000	65 249	605 249

¹ The number of shares granted in 2020 is calculated based on the weighted average share price of the month of March (2021: March) of the subsequent year.

² Company paid social security contributions incl. AHV, IV, and ALV.

³ As a response to the negative impacts of the COVID-19 pandemic Group Management decided to introduce short-time work or furloughs (temporary layoffs) where feasible. In order to adjust production capacities in line with lower demand, the workforce was reduced by 10 %, or roughly 145 FTE. Most temporary employment contracts were terminated, and a hiring freeze was put in place. In the spirit of solidarity, the Board of Directors reduced their own remuneration in cash by 10 % for the period of five months starting from the second quarter.

Remuneration of Group Management

In CHF

	Base remuneration	Variable remuneration ¹		Other remuneration		Total
	in cash	in cash	in shares ²	Social security ³	Other benefits	
2020						
Martin Schaufelberger	395 088	287 984	85 129	147 120	20 692	936 013
Other members	1 475 500	584 597	172 983	345 981	85 438	2 664 499
Total⁴	1 870 588	872 581	258 112	493 101	106 130	3 600 512
2021						
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
Total⁵	1 934 811	1 064 305	249 657	567 056	47 498	3 863 327

¹ The variable remuneration, which includes cash bonus and shares, is not paid out in the reporting period. It is accrued for and paid out in the following year based on the decision of the Board of Directors.

² The value of shares granted is calculated based on the share price at closing of the grant date. For 2020, it was 25 February 2021, and the share price was CHF 109.00. For 2021, it was 23 February 2022, and the share price was CHF 106.60.

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

⁴ In 2020, the total compensation increased due to one more Group Management member that was appointed on 1 January 2020 despite the negative impact of the COVID-19 pandemic on the financial results of the COLTENE Group and hence on the variable compensation to Group Management and to the voluntary waiver of part of the fixed compensation.

⁵ In 2021 the total compensation was higher than in 2020 mainly due to the good results of the entire COLTENE Group that led to a high payout ratio of the variable compensation to Group Management.

Proposed Appropriation of Disposable Profit and Dividend Distribution

In CHF	2021	2020
Allocation of the profit of the year		
Net income carried forward from prior-year	29 059 703	34 878 816
Profit/loss(-) of the year	7 577 173	-5 818 751
Transfer to reserves for treasury stocks	-5 871	-362
Allocation to the legal reserves	0	0
Total amount at the disposal of the AGM	36 631 005	29 059 703
Balance to be carried forward	36 631 005	29 059 703
Distribution out of reserves from capital contributions		
Available reserves from capital contributions without foreign reference	49 983 127	49 983 127
Available reserves from capital contributions with foreign reference	74 988 767	92 913 167
Total available capital contribution reserves	124 971 894	142 896 294
Distribution to shareholders of CHF 3.30 per share without treasury shares*		
from capital contribution reserves with foreign reference	-19 719 414	-17 924 400
Available capital contribution reserves after distribution		
without foreign reference	49 983 127	49 983 127
with foreign reference	55 269 353	74 986 427
Total capital contribution reserves	105 252 480	124 969 554

* 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 23, 2022



Report of the Statutory Auditor on the Financial Statements

As statutory auditor, we have audited the financial statements of COLTENE Holding AG, which comprise the income statement, balance sheet and notes (pages 112 to 117), for the year ended December 31, 2021.

Board of Directors' Responsibility



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

Auditor's Responsibility



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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the

entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion



In our opinion, the financial statements for the year ended December 31, 2021, comply with Swiss law and the company's articles of incorporation.

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



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

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

Valuation of Investments

Area of Focus

The valuation of investments in accordance with the provisions of the Swiss Code of Obligations is important to our statutory audit as it represents a significant judgment area. Investments as at balance sheet date represent 91.6 % of the total assets of COLTENE Holding AG. In performing the impairment testing for investments, the company used various assumptions in respect of future market and economic conditions, market share, revenue growth and margin development.

Our Audit Response

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

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

Report on Other Legal Requirements



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

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

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

Ernst & Young Ltd

Iwan Zimmermann
Licensed audit expert
(Auditor in charge)

Erik Zeller
Licensed audit expert

Important Addresses

COLTENE Holding AG

Feldwiesenstrasse 20
9450 Altstätten
Switzerland
Phone +41 71 757 53 80
Telefax +41 71 757 53 01
www.coltene.com
info@coltene.com

Coltène/Whaledent Inc.

235 Ascot Parkway
Cuyahoga Falls, Ohio 44223
USA
Phone +1 330 916 8800
Telefax +1 330 916 7077

Coltène/Whaledent AG

Feldwiesenstrasse 20
9450 Altstätten
Switzerland
Phone +41 71 757 53 00
Telefax +41 71 757 53 01

Coltène/Whaledent GmbH + Co. KG

Raiffeisenstrasse 30
P. O. Box 1150
89122 Langenau
Germany
Phone +49 7345 805 0
Telefax +49 7345 805 201

SciCan Ltd.

1440 Don Mills Road
Toronto, Ontario
Canada M3B 3P9
Phone +1 416 445 1600
Telefax +1 416 445 2727

Micro-Mega S.A.

12 rue du Tunnel
25000 Besançon
France
Phone +33 3 81 54 42 42
Telefax +33 3 81 54 42 30

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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 2021 in German is the governing text.