FINANCIAL REPORT STRAUMANN GROUP

Alternative performance measures

The financial information in this annual report release includes certain alternative performance measures (APMs), which are not accounting measures defined by IFRS® Accounting Standards.

CORE FINANCIAL MEASURES are non-IFRS Accounting Standards measures because they cannot be derived directly from Group consolidated financial statements. Management believes that these measures, when provided in combination with reported results, will provide readers with helpful supplementary information to better understand the financial performance and position of the Group on a comparable basis from period to period. These core financial measures are not a substitute for, or superior to, financial measures prepared in accordance with IFRS Accounting Standards. In the periods under review, core financial measures are adjusted to exclude the following significant items:

- PPA amortization: Special items and amortization of intangible assets that result from the purchase price allocation (PPA) following acquisitions.
- Impairments: Impairment write-offs of financial or non-financial assets as a result of unusual or one-time events in legal or economic conditions, change in consumer demands or damage that impacts the asset. The amount disclosed in 2023 mainly represents the goodwill impairment charge recognized in the CGU 'DrSmile Business' (Note 4.4).
- Restructuring: One-off costs resulting from major restructuring exercises. The amount disclosed in 2023 represents restructuring costs incurred in LATAM, APAC and EMEA sales regions. The amount disclosed in 2022 represents the costs incurred following the acquisition of PlusDental and the Group's conclusion to run its direct-to-consumer clear aligner business in Europe exclusively under the DrSmile brand.
- Legal cases: Non-recurring and significant litigation charges. Expenses related to legal disputes in the course of the Group's ordinary business activities are not adjusted.
- Pension plan: One-time settlements, plan amendment gains or losses stemming from pension accounting.
- Consolidation result of former associates: Revaluation gains and losses as a result of obtaining control over former associates.
- Other: Non-recurring, unusual and infrequent incidents that cannot be allocated to any of the preceding categories.

A reconciliation of IFRS Accounting Standards to core measures is disclosed in the table at the end of this section.

Further, the Group discloses VARIOUS KEY PERFORMANCE INDICATORS (KPI). Unless otherwise stated, the following KPI are based on IFRS Accounting Standards figures, as disclosed in the consolidated financial statements:

Organic revenue growth

Revenue growth excluding the revenue contribution from business combinations (calculated by adding pre-acquisition revenues of the prior period to the existing revenue growth base) and currency effects.

Revenue growth in local currencies

Revenue growth excluding currency effects. Those effects are calculated using a simulation by reconsolidating the prior period revenues with the current year foreign exchange translation rates.

Net cash (net debt)

Net debt is an indicator of the Group's ability to meet financial commitments, to pay dividends and to undertake acquisitions. The KPI is calculated by subtracting financial liabilities (excluding lease liabilities) and retirement benefit obligations from cash and cash equivalents.

Net working capital (net of cash)

Working capital is capital invested in the Group's operating activities. It is a driver for cash flow and an indicator of operational efficiency. Net working capital combines the subtotals of current assets and current liabilities, excluding the lines cash and cash equivalents, current financial assets and current financial liabilities.

Days of supplies (DOS)

The days of supplies indicate the average time in days that the Group takes to turn its inventory. The numerator is the balance sheet position 'inventories' at year-end and the denominator is the 'cost of goods sold' of the past three months, multiplied by 90 days.

Days of sales outstanding (DSO)

The days of sales outstanding indicate the average number of days the Group takes to collect its receivables. The numerator is the balance sheet position 'trade receivables' at year-end and the denominator is the 'net revenues' of the past three months, multiplied by 90 days.

Return on assets (ROA)

Return on assets expresses the earning power of the Group's assets. The numerator is the profit for the period of the past 12 months and the denominator is the average balance sheet total for the same period.

Equity ratio

The equity ratio is calculated by dividing total equity by total assets.

Return on equity (ROE)

Return on equity compares profitability of the Group in relation to the equity invested. The numerator is the profit for the period of the past twelve months and the denominator is the average equity for the same period.

Capital employed

Capital employed equals current assets, property, plant and equipment, right-of-use assets, intangible assets minus cash and cash equivalents and non-interest-bearing liabilities.

Return on capital employed (ROCE)

Return on capital employed expresses the earning power of the Group's invested capital. The numerator is the operating profit (EBIT) of the past twelve months and the denominator is the average capital employed for the same period.

Free cash flow

Free cash flow represents the cash-generating capability of the Group to conduct and maintain its operations, to finance dividend payments, to repay debt and to undertake acquisitions. Free cash flow equals net cash from operating activities less purchase of property, plant and equipment, less purchase of intangible assets, plus net proceeds from property, plant and equipment.

Dividend payout ratio

A dividend payout ratio is the percentage of earnings paid to shareholders of Straumann Holding AG: the proposed dividend payout in the following year divided by the Group's core net profit of the past 12 months.

Core result reconciliation 2023

(in CHF 1 000)	IFRS 2023	PPA amortization	Restructuring	Impairments	CORE 2023
Revenue	2 411 819				2 411 819
Cost of goods sold	(624 554)	4 502	1 143		(618 909)
Gross profit	1 787 265	4 502	1 143	0	1 792 910
Other income	7 075		(10)		7 066
Distribution expense	(452 036)	5 443			(446 593)
Administrative expense	(931 332)	4 264	27 202	152 906	(746 960)
Operating profit	410 973	14 208	28 336	152 906	606 422
Finance income	110 890				110 890
Finance expense	(167 173)		1 930		(165 244)
Share of results of associates	(9 068)				(9 068)
Profit before income tax	345 621	14 208	30 265	152 906	543 000
Income tax expense	(98 811)	(3 101)	482	(331)	(101 761)
NET PROFIT	246 810	11 107	30 747	152 575	441 239
Attributable to:					
Shareholders of the parent company	246 072	11 011	30 747	152 575	440 405
Non-controlling interests	738	95			833
Basic earnings per share (in CHF)	1.54				2.76
Diluted earnings per share (in CHF)	1.54				2.76
Operating profit	410 973	14 208	28 336	152 906	606 422
Depreciation & amortization	289 550	(9 834)	(6 020)	(152 906)	120 790
EBITDA	700 523	4 374	22 316	0	727 212

Core result reconciliation 2022

(in CHF 1 000)	IFRS 2022	PPA amortization	Restructuring	Impairments	CORE 2022
Revenue	2 320 785				2 320 785
Cost of goods sold	(566 049)	132	1 303		(564 615)
Gross profit	1 754 736	132	1 303		1 756 170
Other income	4 856				4 856
Distribution expense	(442 976)	6 198	3 397		(433 382)
Administrative expense	(781 266)	47 123	9 051		(725 093)
Operating profit	535 350	53 452	13 750		602 553
Finance income	107 187				107 187
Finance expense	(136 892)				(136 892)
Share of results of associates	(7 210)				(7 210)
Profit before income tax	498 435	53 452	13 750		565 638
Income tax expense	(63 655)	(15 537)	(4 400)		(83 592)
NET PROFIT	434 780	37 915	9 350		482 046
Attributable to:					
Shareholders of the parent company	434 789	37 811	9 350		481 950
Non-controlling interests	(9)	105			96
Basic earnings per share (in CHF)	2.73				3.03
Diluted earnings per share (in CHF)	2.72				3.02
Operating profit	535 350	53 452	13 750		602 553
Depreciation & amortization	166 499	(53 452)	(3 519)		109 528
EBITDA	701 849	0	10 231		712 081

Consolidated statement of financial position

Assets

(in CHF 1 000)	Notes	31 Dec 2023	31 Dec 2022
Property, plant and equipment	4.1	503 875	448 463
Right-of-use assets	4.2	204 521	215 030
Intangible assets	4.3	907 696	777 950
Investments in associates	2.2	163 136	172 172
Financial assets	7.1	19 488	40 303
Other receivables		26 035	21 402
Deferred income tax assets	7.7	106 951	104 900
Total non-current assets		1 931 702	1 780 220
Inventories	5.1	366 912	321 172
Trade and other receivables	5.2	580 638	544 842
Financial assets	7.1	8 974	2 858
Income tax receivables		23 443	28 240
Cash and cash equivalents	5.3	410 310	696 103
Total current assets		1 390 277	1 593 215
TOTAL ASSETS		3 321 979	3 373 435

Equity and liabilities

(in CHF 1 000)	Notes	31 Dec 2023	31 Dec 2022
Share capital	7.5	1 595	1 595
Retained earnings and reserves		1 834 584	1 850 003
Total equity attributable to the shareholders of the parent company		1 836 179	1 851 598
Non-controlling interests		2 427	2 247
Total equity		1 838 606	1 853 845
Other liabilities	6.2	213 368	43 093
Income tax liabilities		15 232	13 756
Financial liabilities	7.2	420 196	403 117
Provisions	6.1	27 253	22 438
Retirement benefit obligations	8.2	33 644	12 386
Deferred income tax liabilities	7.7	59 503	52 696
Total non-current liabilities		769 196	547 486
Trade and other payables	5.4	588 317	574 107
Financial liabilities	7.2	30 239	307 198
Income tax liabilities		91 400	79 826
Provisions	6.1	4 221	10 973
Total current liabilities		714 177	972 104
Total liabilities		1 483 373	1 519 590
TOTAL EQUITY AND LIABILITIES		3 321 979	3 373 435

Consolidated income statement

(in CHF 1 000)	Notes	2023	2022
Revenue	3.1	2 411 819	2 320 785
Cost of goods sold		(624 554)	(566 049)
Gross profit		1 787 265	1 754 736
Other income		7 075	4 856
Distribution expense		(452 036)	(442 976)
Administrative expense		(931 332)	(781 266)
Operating profit		410 973	535 350
Finance income	7.4	110 890	107 187
Finance expense	7.4	(167 173)	(136 892)
Share of results of associates	2.2	(9 068)	(7 210)
Profit before income tax		345 621	498 435
Income tax expense	7.7	(98 811)	(63 655)
NET PROFIT		246 810	434 780
Attributable to:			
Shareholders of the parent company		246 072	434 789
Non-controlling interests		738	(9)
Basic earnings per share attributable to ordinary shareholders of the parent company (in CHF)	3.2	1.54	2.73
Diluted earnings per share attributable to ordinary shareholders of the parent company (in CHF)	3.2	1.54	2.72

Consolidated statement of comprehensive income

(in CHF 1 000)	2023	2022
Net profit	246 810	434 780
Other comprehensive income / (loss) that may be reclassified to profit or loss in subsequent periods:		
Net foreign exchange result on net investment loans	(49 408)	(27 015)
Exchange differences on translation of foreign operations	(65 507)	(22 757)
Share of other comprehensive income / (loss) of associates accounted for using the equity method	(24)	(2)
Income tax effect	6 450	3 554
Other comprehensive income / (loss) that may be reclassified to profit or loss in subsequent periods	(108 490)	(46 220)
Other comprehensive income / (loss) not to be reclassified to profit or loss in subsequent periods:		
Change in fair value of financial instruments designated through other comprehensive income	(1 622)	13 962
Remeasurements of retirement benefit obligations	(24 002)	51 139
Income tax effect	2 745	(8 074)
Other comprehensive income / (loss) not to be reclassified to profit or loss in subsequent periods	(22 879)	57 027
Other comprehensive income / (loss), net of tax	(131 369)	10 807
TOTAL COMPREHENSIVE INCOME / (LOSS), NET OF TAX	115 442	445 587
Attributable to:		
Shareholders of the parent company	114 847	446 379
Non-controlling interests	595	(792)

Consolidated cash flow statement

(in CHF 1 000)	Notes	2023	2022
Net profit		246 810	434 780
Adjustments for:			
Income tax	7.7	98 811	63 655
Net interest result		11 535	14 612
Financial impairment expense	7.4	1 922	0
Share of results of associates	2.2	9 068	7 210
Share-based payments expense	8.1, 8.3	13 934	14 051
Other non-cash items		25 771	9 134
Depreciation and amortization	4.5	130 233	162 705
Impairment	4.5	159 317	3 794
Change in provisions, retirement benefit obligations and other liabilities		(25 980)	(1 842)
Change in long-term assets		(4 032)	(3 342)
Working capital adjustments:			
Change in inventories		(84 132)	(90 847)
Change in trade and other receivables		(76 011)	(174 711)
Change in trade and other payables		85 111	91 654
Interest paid on lease liabilities	7.2	(7 789)	(6 627)
Interest paid		(7 885)	(7 557)
Interest received		6 794	3 550
Income tax paid		(79 527)	(105 064)
Cash flows from operating activities		503 950	415 155

(in CHF 1 000)	Notes	2023	2022
Purchase of financial assets		(65)	(1 489)
Proceeds from sale of financial assets		18 658	1 783
Purchase of property, plant and equipment		(153 770)	(161 605)
Purchase of intangible assets		(35 663)	(33 829)
Purchase of investments in associates		(10 600)	(87 350)
Disposal of investments in associates		1 885	0
Acquisition of a business, net of cash acquired	2.1	(116 767)	(150 488)
Contingent consideration paid		(54 847)	(7 151)
Proceeds from loans		79	4 058
Disbursement of loans		(1 126)	(866)
Dividends received from associates		1 882	1 224
Net proceeds from sale of non-current assets		1 001	1 054
Cash flows from investing activities		(349 332)	(434 659)
Purchase of non-controlling interests	7.2, 7.3	0	(13 955)
Repayment of non-current financial debts	7.2	(1 332)	(5 672)
Increase in non-current financial debts	7.2	32 369	0
Repayment of current financial debts	7.2	(281 045)	(169)
Dividends paid to the equity holders of the parent	7.6	(127 445)	(107 432)
Dividends paid to non-controlling interests		(466)	(590)
Payment of lease liabilities	7.2	(28 169)	(28 585)
Capital increase		0	8 956
Sale of treasury shares		9 025	0
Purchase of treasury shares		(27 336)	(6 862)
Cash flows from financing activities		(424 398)	(154 309)
Exchange rate differences on cash held		(16 013)	(10 507)
Net change in cash and cash equivalents		(285 793)	(184 320)
Cash and cash equivalents at 1 January	5.3	696 103	880 423
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	5.3	410 310	696 103

Consolidated statement of changes in equity

2023

(in CHF 1 000)		Attributable to the shareholders of the parent company							
	Notes	Share capital	Share premium	Treasury shares	Translation reserves	Retained earnings	Total	Non-controlling interests	Total equity
At 1 January 2023		1 595	102 012	(11 080)	(464 107)	2 223 178	1 851 598	2 247	1 853 845
Net profit						246 072	246 072	738	246 810
Other comprehensive income / (loss)					(114 772)	(16 453)	(131 225)	(143)	(131 369)
Total comprehensive income / (loss)		0	0	0	(114 772)	229 619	114 847	595	115 442
Dividends to equity holders of the parent	7.6					(127 445)	(127 445)		(127 445)
Dividends to non-controlling interests							0	(466)	(466)
Share-based payment transactions						15 392	15 392		15 392
Purchase of treasury shares				(27 336)			(27 336)		(27 336)
Usage of treasury shares				37 059		(28 034)	9 025		9 025
Changes in consolidation group							0	51	51
Put options to non-controlling interests						97	97	0	97
AT 31 DECEMBER 2023		1 595	102 012	(1 357)	(578 879)	2 312 808	1 836 179	2 427	1 838 606

2022

(in CHF 1 000)		Attributable to the shareholders of the parent company							
	Notes	Share capital	Share premium	Treasury shares	Translation reserves	Retained earnings	Total	Non-controlling interests	Total equity
At 1 January 2022		1 592	70 567	(5 462)	(415 118)	1 843 821	1 495 400	5 048	1 500 448
Net profit						434 789	434 789	(9)	434 780
Other comprehensive income / (loss)					(48 989)	60 579	11 590	(783)	10 807
Total comprehensive income / (loss)		0	0	0	(48 989)	495 368	446 379	(792)	445 587
Issue of share capital	7.5	2	31 445			(22 491)	8 956		8 956
Dividends to equity holders of the parent	7.6					(107 432)	(107 432)		(107 432)
Dividends to non-controlling interests							0	(590)	(590)
Share-based payment transactions						13 416	13 416		13 416
Purchase of treasury shares				(6 862)			(6 862)		(6 862)
Usage of treasury shares				1 244		(1 244)	(0)		(0)
Put options to non-controlling interests						1 741	1 741	(1 419)	322
AT 31 DECEMBER 2022		1 595	102 012	(11 080)	(464 107)	2 223 178	1 851 598	2 247	1 853 845

Notes to the consolidated financial statements

1 General information and accounting policies

1.1 Corporate information

The Straumann Group (SIX: STMN) is a global leader in tooth replacement and orthodontic solutions that restore smiles and confidence. It unites global and international brands that stand for excellence, innovation and quality in restorative, prosthetic, corrective and digital dentistry, including Anthogyr, ClearCorrect, Dental Wings, Medentika, Neodent, NUVO, Straumann and other fully or partly owned companies and partners.

In collaboration with leading clinics, institutes and universities, the Group researches, develops, manufactures and supplies dental implants, instruments, CADCAM prosthetics, orthodontic aligners, biomaterials and digital solutions for use in tooth correction, replacement and restoration or to prevent tooth loss.

Headquartered in Basel, Switzerland, the Group currently employs more than 11 100 people worldwide. Its products, solutions and services are available in more than 100 countries through a broad network of distribution subsidiaries and partners.

The consolidated financial statements of the Straumann Group for the year ended 31 December 2023 were authorized for issue in accordance with a resolution of the Board of Directors on 26 February 2024 and are subject to approval by the annual general meeting on 12 April 2024.

1.2 Basis of preparation

Statement of compliance

The consolidated financial statements of the Group were prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

They were prepared on a historical cost basis except certain financial assets and financial liabilities (including derivative financial instruments), which were measured at fair value. The consolidated financial statements are presented in Swiss francs (CHF) and all values are rounded to the nearest thousand except where otherwise indicated.

Basis of consolidation

The consolidated financial statements comprise the financial statements of Straumann Holding AG and its subsidiaries as at 31 December 2023.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as for the parent company, using consistent accounting policies. All intra-Group balances, income and expenses as well as unrealized gains and losses resulting from intra-Group transactions are eliminated in full.

Changes in equity interests in Group subsidiaries that reduce or increase the Group's percentage ownership without loss of control are accounted for as an equity transaction between owners.

Associates

Associates are those entities over which the Group has significant influence, but neither control nor joint control. Significant influence is the power to participate in the financial and operating policy decisions. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognized at cost and the carrying amount is increased or decreased to recognize the investor's share of changes in equity of the investee after the date of acquisition. The Group's share of results of operations is recognized in profit or loss, while any change in other comprehensive income of the associates is presented as part of the Group's other comprehensive income.

1.3 Changes in accounting policies

Amendments effective in 2023

The following amendments apply for the first time in 2023 but do not have a material impact on the consolidated financial statements of the Group:

- IAS 1 (Amendments) and IFRS Practice statement 2 'Disclosure of Accounting Policies' (effective 1 January 2023)
- IAS 8 (Amendments) 'Definition of Accounting Estimates' (effective 1 January 2023)
- IAS 12 (Amendments) 'Deferred tax related to assets and liabilities arising from a single transaction' (effective 1 January 2023)
- IAS 12 (Amendments) 'International Tax Reform—Pillar Two Model Rules' (effective 1 January 2023)

Standards, amendments and interpretations that are not yet effective and have not been adopted early by the Group

The following standards and amendments to existing standards, which are relevant to the Group, have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2024 or later periods and the Group has not adopted them early:

- IAS 1 (Amendments) 'Classification of liabilities as current or non-current' (effective 1 January 2024)
- IAS 7 and IFRS 7 (Amendments) 'Disclosures: Supplier Finance Arrangements' (effective 1 January 2024)
- IFRS 16 (Amendments) 'Lease Liability in a Sale and Leaseback' (effective 1 January 2024)
- IAS 21 (Amendments) 'Lack of exchangeability' (effective 1 January 2025)

The Group currently assumes that the applications of these standards and amendments will not have a material impact on the presentation of the consolidated financial statements.

1.4 Critical accounting estimates, assumptions and judgments

The preparation of the Group's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that may require a material adjustment to the carrying amount of the asset or liability affected in the future. The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are stated below.

Contingent considerations

The Group has entered into several contingent consideration arrangements arising from business combinations. Those arrangements are structured either as deferred purchase price payments or as contingent payments on the achievement of measure of profits or milestone targets. The fair values of the financial liabilities arising from those arrangements are based on the expected payment amounts and are discounted to present value using a risk-adjusted rate. The significant unobservable inputs and their sensitivity to the fair values are disclosed in Note 7.3.

Impairment of non-financial assets

Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable or when an annual impairment test is required, which is applicable for goodwill and the brands with an indefinite useful life (Neodent, Medentika, ClearCorrect, Anthogyr and DrSmile).

When value-in-use calculations are undertaken, management has to estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Leases

Critical judgments relating to lease terms are required for lease accounting. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension or termination option. The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment.

Income taxes

The Group is subject to income taxes in numerous jurisdictions. Management judgment is required in determining the worldwide liabilities for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. When the final tax outcome differs from the amounts that were initially recognized, the difference impacts current earnings. Uncertain tax positions are included in current and non-current income tax liabilities.

Pension and other employment benefits

The cost of defined benefit pension plans and other post-employment medical benefits is determined using actuarial valuations, which involve making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty. The net employee retirement benefit obligation at 31 December 2023 was CHF 33.6 million (2022: CHF 12.4 million). Further details are given in Note 8.2.

1.5 Summary of material accounting policies

Foreign currency translation

The consolidated financial statements are presented in Swiss francs (CHF), which is Straumann Holding AG's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using this functional currency. Transactions in foreign currencies are initially recorded at the functional currency rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency exchange rate on the balance sheet date. All differences are taken to profit or loss with the exception of differences arising on monetary items that in substance form part of an entity's net investment in a foreign operation. Non-monetary items that are measured in terms of historical costs in a foreign currency are translated using the exchange rates on the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

Any goodwill arising from the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising from the acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

The assets and liabilities of foreign operations are translated into Swiss francs at the exchange rate on the balance sheet date and their income statements are translated at the average exchange rates for the year. The exchange differences arising from the translation are taken directly to a separate component of other comprehensive income. On disposal of a foreign entity, the deferred cumulative amount recognized in other comprehensive income relating to that particular foreign operation is recognized in profit or loss.

Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses. Such costs include the cost of replacing part of the plant and equipment when that cost is incurred. Repair and maintenance costs are recognized in profit or loss as incurred.

A straight-line method of depreciation is applied over the estimated useful life. Estimated useful lives of major classes of depreciable assets are:

- buildings: 20–30 years
- plant, machinery and other equipment: 3–10 years

Leasehold improvements are depreciated over the lease term including optional extension of the lease period but not exceeding its economic life. The residual values, useful lives and methods of depreciation of assets are reviewed and adjusted, if appropriate, at the end of each financial year.

Leases

The Group leases land, various buildings, plant and machinery and other equipment. Rental contracts are typically made for fixed periods but may have extension options as described below. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.
Leases are recognized as a right-of-use asset and a corresponding liability (included in financial liabilities) at the commencement of the lease. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets

Right-of-use assets are measured at cost and comprise the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs
- restoration costs

The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Lease liabilities

Liabilities arising from a lease are initially measured on a present value basis, using country-specific incremental borrowing rates. This rate is calculated based on the risk-free rate of the country plus a premium considering the Group's risk premium. The following lease payments are included in the net present value:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payments that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in the income statement. Short-term leases are leases with a lease term of 12 months or less. Low-value assets mainly comprise IT equipment.

Extension and termination options are included in a number of lease contracts across the Group. These terms are used to maximize operational flexibility in terms of managing contracts. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

This assessment is reviewed if a significant event or a significant change in circumstances occurs which affects the assessment and is within the control of the lessee. Lease liabilities are disclosed as part of the current and non-current financial liabilities in the statement of financial position.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values on the acquisition date, irrespective of any non-controlling interests. The excess of the costs of the acquisition above the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. Goodwill is initially measured at cost. If the costs of the acquisition are less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in profit or loss.
After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is allocated from the acquisition date to each of the Group's cash-generating units or groups of cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Acquired software licenses are capitalized on the basis of the costs incurred to acquire and bring the specific software into use. Intangible assets acquired in a business combination are identified separately and recognized at fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost, less any accumulated amortization and any accumulated impairment losses. Internally generated intangible assets, excluding development costs and software, are not capitalized and expenditure is reflected in profit or loss in the year in which the expenditure is incurred.

Intangible assets with finite lives are amortized over their useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each financial year. Changes in the expected useful life or in the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in profit or loss in the expense category consistent with the function of the intangible asset.

The amortization methods applied to the Group's intangible assets are summarized as follows:

	Customer & distribution relationships	Technology	Brands & trademarks	Development costs	Software
Useful life	Finite	Finite	Finite/infinite	Finite	Finite
Amortization method	Straight-line basis	Straight-line basis	Straight-line basis/none	Straight-line basis	Straight-line basis
Time period	Usually 7–15 years	Over estimated useful life but not exceeding 10 years	Usually 20 years/ not applicable	Over period of expected sales from the related project but not exceeding 3 years	Over estimated useful life but not exceeding 5 years
Internally generated or acquired	Acquired	Acquired	Acquired	Internally generated/ acquired	Internally generated/ acquired

The acquired brands Neodent, Medentika, ClearCorrect, Anthogyr and DrSmile play key roles in the Group's strategic priorities to accelerate growth in core markets and strategic segments. The useful lives of these brands are determined to be indefinite based on the successful and continuing internationalization through the Group's own network of country organizations and third-party distributors, and cash flows are expected to continue indefinitely.

The Group further determines the indefinite useful lives on the following significant factors:

- The brand's indefinite life assessment is based on the business fundamentals, industry and underlying products with a track record of stability and high barrier to market entry. Management is strongly committed to continuing to invest for the long term to extend the period over which the brands will contribute to the Group's profitable revenue.
- There are no indications of any commercial obsolescence of the brands. The recognition of these brands has increased permanently since the acquisition date.
- There are no indications of declining market demand in the respective industry.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the income statement when the asset is derecognized.

Impairment of non-financial assets

At each reporting date, the Group assesses whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries, or other available fair value indicators.

Impairment losses of continuing operations are recognized in the income statement in the expense categories consistent with the function of the impaired asset. For assets excluding goodwill and intangible assets with indefinite life, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If there is such an indication, the Group makes an estimate of the recoverable amount.

A previously recognized impairment loss is reversed only if there has been a change in the estimate used to determine the asset's recoverable amount since the last impairment loss was recognized. If this is the case, the carrying amount of the asset is increased to its recoverable amount.

Goodwill and intangible assets with indefinite life are tested annually for impairment or whenever there are impairment indicators. Impairment is determined by assessing the recoverable amount of the cash-generating units to which the goodwill and intangible assets with indefinite life relate. Where the recoverable amount of the cash-generating units is less than their carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods. The Group performs its annual impairment test of goodwill and intangible assets with indefinite life on 30 November.

Financial assets

The Group recognizes a financial asset on the trade date at which it becomes a party to the contractual obligations of the instrument. Financial assets are initially measured at fair value. Acquisition-related costs are to be included, unless the financial asset is measured at fair value in subsequent periods. The Group subsequently measures financial assets at either amortized cost or fair value.
The Group has the following categories of financial assets:

Financial assets measured at amortized cost

A financial asset is subsequently measured at amortized cost, using the effective interest method and net of any impairment loss, if:

- the asset is held within a business model with an objective to hold assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest

Financial assets measured at fair value through profit or loss

Financial assets other than those classified as measured at amortized cost are subsequently measured at fair value with all changes in fair value recognized in profit or loss.

Financial assets measured at fair value through OCI

For investments in equity instruments that are not held for trading, the Group elected at initial recognition to present gains and losses in other comprehensive income. Gains and losses are never reclassified to the income statement and no impairments are recognized in profit or loss. Dividends earned from such investments are recognized in the income statement unless the dividend clearly represents a repayment of part of the cost of the investment.

Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of financial instruments that are actively traded in organized financial markets is determined by reference to quoted market bid prices at the close of business on the balance sheet date. In the case of financial instruments for which there is no active market, fair value is determined using valuation techniques such as recent arm's length market transactions, the current market value of another instrument that is substantially the same, discounted cash flow analysis or other valuation models.

Trade and other receivables

Trade and other receivables are measured at amortized cost using the effective interest method less any impairment losses. Non-interest receivables are discounted by applying rates that match their maturity upon first-time recognition. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15.

Impairment of financial assets

At each balance sheet date, the Group assesses whether a financial asset or group of financial assets is impaired.

The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. A provision matrix is established that is based on historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Inventories

Inventories are valued at the lower of cost or net realizable value. Raw material costs are determined by using the weighted average cost method. The cost of finished goods and work in progress comprises direct materials and labor and a proportion of manufacturing overhead, valued at standard cost. Standard costs are regularly reviewed and, if necessary, revised to reflect current conditions.

Net realizable value is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale. Work in progress and finished goods are valued at manufacturing cost, including the cost of materials, labor and production overheads. Inventory write-downs are recorded in the case of slow-moving or obsolete stock.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks, cash on hand and short-term deposits with an original maturity of three months or less. For the purpose of the consolidated cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of short-term bank overdrafts.

Put options to non-controlling interests

It is common practice for the Group to write put options and acquire call options in connection with the remaining shares held by the non-controlling shareholders mainly as part of a business combination. If the Group has acquired a present ownership interest as part of a business combination, the present value of the redemption amount of the put option is recognized as a financial liability with any excess over the carrying amount of the non-controlling interest recognized as goodwill. In such a case, the non-controlling interest is deemed to have been acquired at the acquisition date and therefore any excess arising should follow the accounting treatment as in a business combination. All subsequent changes in the redemption value of the financial liability are recognized in the income statement and no earnings are attributed to the non-controlling interest.

However, where the Group has not acquired a present ownership interest as part of a business combination, the non-controlling interest continues to receive an allocation of profit or loss and is reclassified as a financial liability at each reporting date as if the acquisition took place at that date. Any excess over the reclassified carrying amount of the non-controlling interest and all subsequent changes in the redemption value of the financial liability are recognized directly in retained earnings.

Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

Financial liabilities

Interest-bearing loans and borrowings

All loans and borrowings are initially recognized at fair value less directly attributable transaction costs and have not been designated as at fair value through profit or loss. After initial recognition, interest-bearing loans and borrowings are measured at amortized cost using the effective interest method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the amortization process.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading as well as financial liabilities designated upon initial recognition as at fair value through profit or loss.

Derivative financial instruments and hedging

The Group uses derivative financial instruments, such as forward currency contracts and interest rate swaps, to hedge its risks associated with fluctuations in interest rates and foreign currencies. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Derivative instruments that do not qualify for hedge accounting are classified as financial assets at fair value through profit or loss (if positive), or as financial liabilities at fair value through profit or loss (if negative). Changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognized immediately in the income statement.

For the purpose of hedge accounting, hedges are classified as:

- fair value hedges – when hedging the exposure to changes in the fair value of a recognized asset, or liability, or an unrecognized firm commitment (except for foreign currency risk)
- cash flow hedges – when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability, or a highly probable forecast transaction or the foreign currency risk in an unrecognized firm commitment
- hedges of a net investment in a foreign operation

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting, the risk management objective and the strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) resulting from a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is presented in the income statement, net of any reimbursement. If the effect of the time-value of money is material, provisions are discounted. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance expense.

Employee benefits

Pension obligations

The Group operates various post-employment schemes, including both defined benefit and defined contribution pension plans.

The liability recognized in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. Past-service costs are recognized immediately in the income statement.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expenses when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

Short-term employee benefits – bonuses

As part of the annual compensation, most employees receive a bonus which depends on the course of business. The individual bonus is calculated by multiplying an individual base amount with a mix of financial, functional and individual target achievements which varies by hierarchical level and function. The bonus is usually settled in cash during the first quarter of the subsequent year.

The Group recognizes a liability and an expense for these bonuses based on calculations which adequately consider all these parameters.

Share-based compensation

The Board of Directors, Executive and senior management receive part of their remuneration in the form of share-based payment transactions, whereby these individuals render services as consideration for equity instruments (equity-settled transactions).

The cost of equity-settled transactions is measured with reference to the fair value at the date on which they are granted. The fair value is determined either based on observable market prices or by external valuation experts using an appropriate pricing model, further details of which are given in Note 8.3.

The cost of equity-settled transactions is recognized, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the Board of Directors, Executive Management and senior management become fully entitled to the award (the vesting date).

The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The profit or loss charge or credit for a period represents the movement in cumulative expense recognized at the beginning and end of that period.

The dilutive effect of outstanding performance share units (PSUs) is reflected as additional share dilution in the computation of earnings per share (Note 3.2).

Selected employees have the right to buy Straumann shares. The difference between the fair value at grant and the cash consideration paid by the employees is immediately recognized as personnel expense.

Revenue recognition

Revenues generated with implant and restorative solutions as well as simple orthodontic treatments are generally recognized at the point in time of shipment to, or receipt by, the customer, or when the services are performed. Revenues stemming from complex and prolonged orthodontic treatments are recognized over time. The Group measures and allocates revenues according to the output method and considers the relevant factors such as expected treatment duration and invoiced amounts. Those factors may vary over time depending upon the unique facts and circumstances related to each performance obligation in making these estimates.

The amount of revenue to be recognized is based on the consideration the Group expects to receive in exchange for its goods and services. If products are sold with a right of return and future returns can be reasonably estimated, a refund liability (included in trade and other payables) and a right of return asset (included in trade and other receivables) are recognized. In doing so, the estimated rate of return is applied, determined based on historical experience of customer returns and considering any other relevant factors. This is applied to the amounts invoiced, also considering the amount of returned products to be destroyed versus products that can be placed back in inventory for resale. The Group's obligation to provide a refund for faulty products under the warranty terms is recognized as a provision.

Disaggregation of revenue from contracts with customers

The Group derives revenue from contracts with customers in the geographical regions disclosed in Note 3.1.

Taxes

Current income tax

Current income tax assets and liabilities for the current and prior periods represents the best estimate of the tax amount expected to be paid or received and reflects uncertainty related to income taxes, if any. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date. Current income tax relating to items recognized directly in equity is recognized in equity and not in the income statement.

Deferred income tax

Deferred income tax is determined using the liability method on temporary differences at the balance sheet date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or a liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- in respect to taxable temporary differences associated with investments in subsidiaries and associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not be reversed in the foreseeable future

Deferred income tax assets are recognized for all deductible temporary differences and carry-forwards of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and carry-forwards of unused tax credits and unused tax losses can be utilized, except:

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- in respect to deductible temporary differences associated with investments in subsidiaries and associates. Deferred income tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that the deferred income tax assets can be utilized. Unrecognized deferred income tax assets are reassessed at each balance sheet date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.
Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply for the year in which the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the income statement.

Deferred income tax assets and deferred income tax liabilities are offset if a legally enforceable right exists to set current income tax assets off against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

2 Investments

2.1 Business combinations

Transactions in 2023

ALLIEDSTAR

On 22 November 2023, the Group acquired Alliedstar Medical Technology Co., Ltd (AlliedStar), based in China. AlliedStar, an intraoral scanner manufacturer, will enable the Group to offer customers in China a competitive intraoral scanner solution and to address additional price-sensitive markets and customer segments in the future.

The Group acquired 51% of the issued shares for a cash consideration and acquired the remaining 49% through forward purchase arrangements (FPA) until the end of 2029 with the minority shareholders of AlliedStar. The net assets recognized as part of this acquisition, except of cash and cash equivalents, are provisional, as the purchase price allocation had not been finalized by the date of approval of these financial statements by the Board of Directors. The deferred consideration consists of several components such as fixed payments, commerical and technical milestone achievements and cash payments linked to the share price development of Straumann Holding AG. On 31 December 2023, the provisional fair value of the contingent consideration payments amounted to CHF 151.7 million.

GALVOSURGE DENTAL AG

On 1 June 2023, the Group acquired 100% of GalvoSurge Dental AG (GalvoSurge), privately owned and based in Switzerland for a total cash consideration of CHF 31.8 million. GalvoSurge is a manufacturer of dental devices and equipment and has developed a dental implant cleaning system to remove microorganisms from exposed, electrically conductive dental implants anchored in the jawbone. The acquisition enables the Group to meet the increasing demand for peri-implantitis treatments and protect patients from implant loss. Contingent consideration payments depend on the performance of the business as well as technical milestones. On 31 December 2023, the fair value of the contingent consideration payments amounted to CHF 33.8 million.

BALTIC DISTRIBUTORS

On 30 September 2023, the Group acquired 100% of four legal entities in the Baltic market based in Lithuania, Estonia and Latvia for a total cash consideration of CHF 17.2 million. The investment enables the Group to supply customers directly and to invest in the development of the market. Contingent consideration payments depend on the performance of the business. On 31 December 2023, the fair value of the contingent consideration payments amounted to CHF 14.5 million.

OTHER BUSINESS COMBINATION

On 1 January 2023, the Group acquired OxiMaTec GmbH, a German company that specializes in ceramics. The total purchase price amounted to CHF 2.0 million of which CHF 0.5 million was paid in cash in 2023. The business combination had no material impact on the Group's revenues or net profit.

The fair values of the identifiable assets and liabilities at the respective business combination dates are as follows:

(in CHF 1 000)	AlliedStar (provisional)	GalvoSurge	Baltic distributors	OxiMaTec
Assets				
Property, plant and equipment	874	303	306	185
Right-of-use assets	923	171	1 778	0
Intangible assets:				
Brand	4 023	1 536	0	0
Technology	58 513	11 918	0	0
Customer relationship	1 360	0	11 657	0
Other intangible assets	0	0	2	34
Inventories	1 614	208	5 249	62
Trade and other receivables	5 643	21	5 752	23
Cash and cash equivalents	2 073	489	695	182
Total assets	75 022	14 646	25 439	485
Liabilities				
Financial liabilities	923	849	1 778	0
Deferred income tax liabilities	9 584	2 506	1 803	13
Provisions and other long term liabilities	865	0	0	0
Trade and other payables	1 739	195	7 017	204
Total liabilities	13 112	3 549	10 598	217
TOTAL IDENTIFIABLE NET ASSETS AT FAIR VALUE	61 910	11 096	14 841	269
Goodwill	162 153	54 238	17 196	1 700
Net assets aquired	224 063	65 334	32 037	1 969
Satisfied in cash	70 706	31 800	17 207	492
Contingent consideration	153 357	33 534	14 829	0
Satisfied in prior periods				1 477
Total	224 063	65 334	32 037	1 969
Cash flow				
Net cash acquired	2 073	489	695	182
Cash paid	(70 706)	(31 800)	(17 207)	(492)
NET CASH FLOW	(68 633)	(31 311)	(16 512)	(311)

The fair value of intangible assets related to brand are determined using the relief-from-royalty method (AlliedStar and GalvoSurge). The fair value of the intangible assets related to technology (Allied Star and GalvoSurge) and customer relationships (Baltic distributors) are determined using the excess earnings method. The fair value of the intangible assets related to customer relationships for AlliedStar is determined using the replacement cost approach. The methods are based on management business plans, observable market data for risk-adjusted discount rates, tax rates and foreign exchange rates. Goodwill, which is not deductible for tax purposes, comprises intangible assets that are not separable such as expected synergy effects and employee know-how.

At the date of the business combination, the fair value of the trade receivables amounted to CHF 0.6 million for AlliedStar and CHF 5.0 million for the Baltic distributors. The gross contractual amount for the trade receivables of the Baltic distributors is CHF 5.4 million, of which CHF 0.4 million is expected to be uncollectable. For AlliedStar the fair values did not materially differ from the contractual gross amount.

The business combinations had no material impact on the Group's revenues or net profit, neither from the acquisition date, nor when considering an inclusion of the acquisition as of 1 January 2023.

Transactions in 2022

NIHON IMPLANT CO. LTD

On 20 January 2022, the Group acquired 85% of the issued shares in Nihon Implant Co., Ltd. (Nihon), privately owned and based in Japan, for a total cash consideration of CHF 30.4 million. Nihon is a leading national implant referral service provider and offers consultancy services related to implant treatment, dental clinics and technicians and laboratory products. The acquisition enables the Group to communicate directly with health consumers which will help to raise awareness of the advantages of implants.

The Group also entered into a forward purchase arrangement (FPA) with the minority shareholders of Nihon to gradually acquire the remaining 15% equity until the end of 2026 for a consideration based on Nihon's average financial performance over the same period. As the Group has acquired a present ownership interest in the shares and considering the contractual obligation to purchase the remaining shares, those remaining shares are accounted for as acquired.

On 31 December 2022, the fair value of the contingent consideration payments amounted to CHF 10.6 million.

The business combination had no material impact on the Group's revenues or net profit, neither from the acquisition date, nor when considering an inclusion of the acquisition as of 1 January 2022.

SUNSHINE SMILE GMBH

On 1 July 2022, the Group acquired 100% of the issued shares in Sunshine Smile GmbH (PlusDental), privately owned and based in Germany, for a total cash consideration of CHF 119.1 million. PlusDental is a provider of orthodontic treatment solutions in Europe.

From the acquisition date, PlusDental contributed a loss of CHF 52.5 million. The business combination had no material impact on the Group's revenues neither from the acquisition date, nor when considering an inclusion of the acquisition as of 1 January 2022.

The fair values of the identifiable assets and liabilities at the respective business combination dates are as follows:

(in CHF 1 000)	Nihon	PlusDental
Assets		
Property, plant and equipment	69	4 161
Right-of-use assets	4 196	3 996
Intangible assets:		
Brand	21 210	43 511
Distribution relationships	19 607	0
Other intangible assets	22	685
Deferred tax assets	2 943	0
Inventories	0	252
Trade and other receivables	1 888	6 916
Cash and cash equivalents	5 119	8 632
Total assets	55 054	68 153
Liabilities		
Financial liabilities	9 340	18 801
Deferred income tax liabilities	13 878	13 053
Trade and other payables	1 993	13 555
Total liabilities	25 211	45 409
TOTAL IDENTIFIABLE NET ASSETS AT FAIR VALUE	29 843	22 744
Goodwill	12 256	96 327
Consideration	42 099	119 071
Satisfied in cash	30 363	119 071
Contingent consideration	11 736	0
Settlement of assumed financial liabilities	0	14 805
Total	42 099	133 876
Cash flow		
Net cash acquired	5 119	8 632
Cash paid	(30 363)	(133 876)
NET CASH FLOW	(25 244)	(125 244)

The fair value of intangible assets related to brand are determined using a relief-from-royalty method. The fair value of the intangible assets related to the distribution relationships is determined using an excess earnings method. The methods are based on management business plans, observable market data for risk-adjusted discount rates, tax rates and foreign exchange rates. Goodwill, which is not deductible for tax purposes, comprises intangible assets that are not separable such as expected synergy effects and employee know-how.

At the date of the business combination, the fair value of the trade receivables for Nihon amounted to CHF 1.4 million and for PlusDental CHF 1.8 million. The gross contractual amount for the trade receivables of PlusDental is CHF 2.8 million, of which CHF 1.0 million is expected to be uncollectable. For Nihon the fair values did not materially differ from the contractual gross amount.

Contingent consideration payments for Nihon depend on the performance of the business. At the balance-sheet date, the fair value of the financial liability amounted to CHF 10.6 million.

2.2 Investments in associates

The Group has investments which are accounted for as associated companies. From a Group perspective, the following associates are material at the reporting date:

(in CHF 1 000)	2023		2022	
	Balance sheet value	Net income statement effect	Balance sheet value	Net income statement effect
CareStack, USA	62 143	(6 220)	74 473	(3 504)
botiss medical AG, Germany	35 137	932	36 715	900
Rapid Shape GmbH, Germany	18 992	779	19 246	(241)
Others	46 864	(4 559)	41 738	(4 365)
TOTAL	163 136	(9 068)	172 172	(7 210)

CareStack

CareStack is a US-based company offering a cloud-based dental software solution designed for dental practices. It is a private entity that is not listed on any public exchange. The Group has an interest of 36.3% in the entity. Management has assessed the level of influence that the Group has on CareStack and determined that it has significant influence and therefore applies the equity method of accounting.

botiss medical AG

botiss medical AG is a leading international supplier of oral tissue regeneration products. It is a private entity that is not listed on any public exchange. The Group has an interest of 30% in the entity. Management has assessed the level of influence that the Group has on botiss medical AG and determined that it has significant influence and therefore applies the equity method of accounting.

Rapid Shape GmbH

Rapid Shape GmbH specializes in the development and manufacture of high-end 3D printing systems for additive manufacturing. It is a private entity that is not listed on any public exchange. The Group has an interest of 35% in the entity. Management has assessed the level of influence that the Group has on Rapid Shape GmbH and determined that it has significant influence and therefore applies the equity method of accounting.

The tables below provide summarized financial information for CareStack, botiss medical AG and Rapid Shape GmbH. The information disclosed reflects the amounts presented in the financial statements of these companies and not the Group's share of those amounts. They have been amended to reflect adjustments made by the Group when using the equity method, including fair value adjustments and modifications for differences in accounting policies.

(in CHF 1 000)	2023			2022		
	CareStack	botiss medical AG	Rapid Shape GmbH	CareStack	botiss medical AG	Rapid Shape GmbH
Current assets	50 493	23 221	24 873	74 687	18 080	21 027
Non-current assets	27 595	30 922	6 957	27 852	34 503	7 885
Current liabilities	(1 186)	(11 661)	(16 592)	(467)	(8 488)	(14 070)
Non-current liabilities	(6 480)	(7 489)	(2 122)	(7 307)	(8 347)	(3 257)
Net assets	70 423	34 993	13 116	94 766	35 748	11 584
RECONCILIATION TO CARRYING AMOUNT						
Opening / acquired net assets	94 766	35 748	11 584	73 011	38 595	12 876
Result for the period	(17 116)	3 107	2 225	(11 151)	3 002	(691)
Other comprehensive income	(62)	(10)	0	(1)	(9)	0
Dividends declared	0	(1 864)	0	0	(3 935)	0
Capital increase	0	0	0	33 376	0	0
Currency translation adjustments	(7 166)	(1 987)	(693)	(469)	(1 904)	(602)
Closing net assets at 31 December	70 423	34 993	13 116	94 766	35 748	11 584
Group's share in %	36.3	30.0	35.0	36.3	30.0	35.0
Group's share	25 592	10 498	4 591	34 438	10 724	4 055
Goodwill	40 225	30 557	17 682	40 225	30 557	17 682
Currency translation adjustments on goodwill	(3 674)	(5 918)	(3 281)	(190)	(4 567)	(2 490)
CARRYING AMOUNT	62 143	35 137	18 992	74 473	36 715	19 246

Summarized comprehensive income statements of CareStack, botiss medical AG and Rapid Shape GmbH for the period, where the Group has significant influence:

(in CHF 1 000)	2023			2022		
	CareStack	botiss medical AG	Rapid Shape GmbH	CareStack	botiss medical AG	Rapid Shape GmbH
Revenue	9 769	30 978	29 414	4 425	30 954	29 387
Result from continuing operations	(17 116)	3 107	2 225	(11 151)	3 002	(691)
RESULT FOR THE PERIOD	(17 116)	3 107	2 225	(11 151)	3 002	(691)
Other comprehensive income / (loss)	(62)	(10)	0	(1)	(9)	0
TOTAL COMPREHENSIVE INCOME / (LOSS)	(17 178)	3 097	2 225	(11 152)	2 993	(691)

Other investments

In addition to the investments in CareStack, botiss medical AG and Rapid Shape GmbH disclosed above, the Group also has investments in other associates that are accounted for using the equity method. Considered individually they are immaterial for the presentation of the Group's financial statements. In 2023, the Group invested CHF 10.4 million in the associate Smilecloud S.R.L. (2022: CHF 6.1 million in 3D Diagnostix, Inc. and Digital Design Solutions S.A.E.).

The following table shows aggregated financial information about the other investments in associates:

(in CHF 1 000)	2023	2022
Aggregate carrying amount of individually immaterial associates	46 864	41 738
AGGREGATE AMOUNT OF GROUP'S SHARE OF:		
Result from continuing operations	(4 559)	(4 365)
RESULT FOR THE PERIOD	(4 559)	(4 365)
TOTAL COMPREHENSIVE INCOME / (LOSS)	(4 559)	(4 365)

3 Operating performance

3.1 Operating segments

Operating segments for reporting purposes are determined based on the Group's management approach. The external segment reporting aligns with the internal organizational and management structure used within the Group and the financial reporting to the chief operating decision maker (CODM), identified as the Executive Management Board (EMB). The EMB is responsible for the Group's operational management, following the guidance of the Board of Directors. Additionally, it oversees global strategy and stakeholder management.

The reporting segments are presented consistently with the internal reporting to the CODM. The centralized headquarter support functions (e.g. finance, information technology, human resources) and business units such as 'Customer Solutions & Education' and 'Research & Development' are not considered operating segments, as they do not generate separate revenues. Instead, these functions are grouped under the column 'Not allocated items'.

Starting from 1 January 2023, the Group implemented an organizational change to optimize its operations. As part of this strategic decision, the previous operating segments, namely 'Sales Central Eastern Europe, Middle East and Africa' (Sales CEEMEA) and 'Sales Western Europe' (Sales WE), were merged into a new unified operating segment called 'Sales Europe, Middle East and Africa' (Sales EMEA).

The change was reflected in the comparative information to ensure consistency and accuracy in reporting, aligning it with the structure in place at the balance sheet date.

Sales Europe, Middle East and Africa

'Sales EMEA' comprises the Group's own distribution businesses in the EMEA region, as well as the business with EMEA distributors. The segment also includes the production facility of Medentika in Germany, which manufactures implants and prosthetic components, the implant-supported prosthetics business of Createch and the production facilities of Anthogyr, a French company that develops and manufactures dental implant systems and CADCAM solutions, as well as the DrSmile entities. It comprises segment-related management functions inside and outside Switzerland.

Sales North America

'Sales NAM' comprises the Group's own distribution businesses in the United States and Canada. It also includes the development and production activities of ClearCorrect in the USA and US-based Bay Materials, a company specializing in the design, development and supply of high-performance thermoplastics for orthodontic applications. The segment also includes the development and production activities of Dental Wing in Canada. It comprises segment-related management functions within and outside Switzerland.

Sales Asia Pacific

'Sales APAC' comprises the Group's own distribution businesses in the Asia pacific region, as well as the business with Asian distributors. It includes AlliedStar, a manufacturer of intraoral scanners (IOS) in China, the business of T-Plus, a Taiwanese company that develops and manufactures dental implant systems and has distribution channels in Taiwan and China, and Nihon, a Japanese provider of implant referrals. It comprises segment-related management functions inside and outside Switzerland.

Sales Latin America

'Sales LATAM' comprises the Group's own distribution businesses in Middle and South America as well as the business with Latin American distributors. It includes the production sites of Neodent in Brazil (which manufactures implants, biomaterials, CADCAM products and clear aligners) and Yller Biomateriais, a Brazilian company specializing in the development and manufacture of high-tech materials for 3D printing. It comprises segment-related management functions in Switzerland and abroad.

Operations

'Operations' acts as the principal towards all distribution businesses of the Group. It comprises the main production facilities for implant components and instruments in Switzerland, France and the United States, the CADCAM milling centers in Germany, Japan and the United States, the production facility in Sweden for biomaterials and sterile-packaged products and GalvoSurge Dental, a Swiss company specializing in state-of-the-art solutions for dental implants and care. The segment also includes all of the company's logistics functions. It does not include the production facilities of Neodent, Medentika, ClearCorrect, AlliedStar, Dental Wings, Createch, T-Plus, Anthogyr, Bay Materials and Yller Biomateriais.

Information about profit or loss, assets and liabilities

2023

(in CHF 1 000)	Sales EMEA	Sales NAM	Sales APAC	Sales LATAM	Operations	Not allocated items	Eliminations	Group
Revenue third party	1 053 547	699 629	451 181	207 462	0	0	0	2 411 819
Revenue inter-segment	116 317	93 424	87	58 361	1 204 896	0	(1 473 085)	0
Total revenue	1 169 864	793 053	451 268	265 823	1 204 896	0	(1 473 085)	2 411 819
Depreciation and amortization	(30 182)	(13 156)	(12 755)	(18 106)	(32 524)	(23 510)	0	(130 233)
Impairment	(149 941)	(3 051)	0	(5 485)	(679)	(161)	0	(159 317)
Other expenses / income	(1 076 643)	(732 385)	(437 998)	(208 259)	(424 280)	(191 276)	1 359 545	(1 711 296)
Operating result	(86 902)	44 461	515	33 973	747 413	(214 947)	(113 540)	410 973
Finance income and expense								(56 284)
Share of result of associates								(9 068)
Income tax expense								(98 811)
NET RESULT								246 810
Segment assets	838 502	421 044	554 334	514 642	578 561	179 172	(473 136)	2 613 119
Unallocated assets, thereof:								
Cash and cash equivalents								410 310
Deferred income tax assets								106 951
Financial assets								28 463
Investments in associates								163 136
GROUP								3 321 979
Segment liabilities	379 008	108 856	120 795	85 943	215 594	347 088	(283 849)	973 435
Unallocated liabilities, thereof:								
Deferred income tax liabilities								59 503
Financial liabilities								450 435
GROUP								1 483 373
Addition in non-current assets	51 922	10 397	8 023	57 809	64 736			192 887

Transfers between the segments are generally executed at adjusted market-based prices, taking into account the higher cost efficiency and lower risk of intragroup transactions.

Transactions between the segments are eliminated in the course of consolidation and the eliminated amounts are shown in 'Eliminations'. The remaining operating profit under 'Eliminations' represents the net change in inter-segment elimination of unrealized profits from the transfer of goods between Group companies. Addition in non-current assets consists of additions of property, plant and equipment, right-of-use assets and intangible assets.

2022

(in CHF 1 000)	Sales EMEA[1]	Sales NAM	Sales APAC	Sales LATAM	Operations	Not allocated items	Eliminations	Group
Revenue third party	1 016 913	702 573	422 595	178 704	0	0		2 320 785
Revenue inter-segment	105 924	92 714	204	44 387	1 187 346	0	(1 430 575)	0
Total revenue	1 122 837	795 287	422 799	223 091	1 187 346	0	(1 430 575)	2 320 785
Depreciation and amortization	(72 809)	(14 243)	(14 428)	(14 437)	(27 661)	(19 127)	0	(162 705)
Impairment	(3 526)	0	0	0	(245)	(23)	0	(3 794)
Other expenses / income	(1 017 609)	(739 095)	(409 012)	(176 441)	(381 193)	(190 371)	1 294 785	(1 618 936)
Operating result	28 893	41 949	(641)	32 213	778 247	(209 521)	(135 790)	535 350
Finance income and expense								(29 705)
Share of result of associates								(7 210)
Income tax expense								(63 655)
NET RESULT								434 780
Segment assets	966 780	412 504	287 211	434 634	632 578	54 061	(430 669)	2 357 099
Unallocated assets, thereof:								
Cash and cash equivalents								696 103
Deferred income tax assets								104 900
Financial assets								43 161
Investments in associates								172 172
GROUP								3 373 435
Segment liabilities	314 190	127 553	136 755	70 180	151 004	211 818	(254 921)	756 579
Unallocated liabilities, thereof:								
Deferred income tax liabilities								52 696
Financial liabilities								710 315
GROUP								1 519 590
Addition in non-current assets	40 867	13 279	14 334	45 868	96 128			210 476

1 Restated to conform to the 2023 segment reporting format

Non-current assets by location

(in CHF 1 000)	2023	2022[1]
Switzerland	417 551	357 483
China	274 623	33 112
US	272 264	305 863
Brazil	257 243	226 907
Germany	257 170	413 579
Other	300 377	276 671
GROUP	1 779 228	1 613 615

1 Prior year's presentation has been adapted to the current year format.

Non-current assets include property, plant and equipment, right-of-use assets, investments in associates and intangible assets.

Revenues with external parties

(in CHF 1 000)	2023	2022
BY PRODUCT CATEGORY		
Implant solutions	1 320 565	1 221 695
Restorative solutions	542 055	550 309
Other	549 199	548 781
GROUP	2 411 819	2 320 785
BY LOCATION OF CUSTOMER		
Switzerland	39 918	39 236
US	618 940	608 630
China	258 553	243 502
Germany	242 413	237 854
Brazil	153 452	134 951
France	125 337	112 107
Japan	109 056	112 015
Other	864 150	832 490
GROUP	2 411 819	2 320 785

- The product category implant solutions comprises primarily implants and related instruments.
- The product category restorative solutions comprises abutments and related parts as well as milling elements.
- Other comprises scanner hardware, software licenses, orthodontics, biomaterials, customer training and other miscellaneous products.

Revenues are allocated to countries based on the location of customers. The Group has a diverse and geographically widely spread customer base. No single customer accounts for 10% or more of total Group revenues.

3.2 Earnings per share

Basic earnings per share

Basic earnings per share are calculated by dividing the net profit for the year attributable to ordinary shareholders of Straumann Holding AG by the weighted average number of ordinary shares outstanding during the year, excluding ordinary shares purchased by the Group and held as treasury shares.

	2023	2022
Net profit attributable to shareholders (in CHF 1 000)	246 072	434 789
Weighted average number of ordinary shares outstanding	159 396 811	159 314 481
BASIC EARNINGS PER SHARE (IN CHF)	1.54	2.73

Diluted earnings per share

Diluted earnings per share are calculated by dividing the net profit for the year attributable to ordinary shareholders of Straumann Holding AG by the weighted average number of ordinary shares outstanding during the year, plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential of outstanding equity instruments into ordinary shares. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the performance share units.

	2023	2022
Net profit used to determine diluted earnings per share (in CHF 1 000)	246 072	434 789
Weighted average number of ordinary shares outstanding	159 396 811	159 314 481
Adjustments for instruments issued	206 503	257 031
Weighted average number of ordinary shares for diluted earnings per share	159 603 314	159 571 512
DILUTED EARNINGS PER SHARE (IN CHF)	1.54	2.72

There were no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these financial statements.

4 Tangible and intangible assets

4.1 Property, plant and equipment

2023

(in CHF 1 000)	Land	Buildings	Plant and machinery	Other	Total
COST					
At 1 January	22 173	264 570	441 763	168 332	896 838
Change in consolidation scope (Note 2.1)	0	5	527	1 136	1 668
Additions	205	48 027	74 896	30 641	153 770
Disposals	0	(3 115)	(10 977)	(11 090)	(25 183)
Currency translation adjustments	(784)	(11 844)	(17 204)	(8 995)	(38 827)
At 31 December	21 595	297 643	489 005	180 024	988 266
ACCUMULATED DEPRECIATION					
At 1 January	0	(114 757)	(226 411)	(107 207)	(448 375)
Depreciation charge (Note 4.5)	0	(10 196)	(36 047)	(25 815)	(72 057)
Impairment (Note 4.5)	0	(51)	(679)	(62)	(792)
Disposals	0	2 121	9 466	10 181	21 768
Currency translation adjustments	0	2 689	7 901	4 475	15 065
At 31 December	0	(120 194)	(245 770)	(118 427)	(484 392)
NET BOOK VALUE	21 595	177 449	243 235	61 596	503 875

2022

(in CHF 1 000)	Land	Buildings	Plant and machinery	Other	Total
COST					
At 1 January	20 578	224 654	363 242	150 319	758 794
Change in consolidation scope (Note 2.1)	0	59	3 139	1 031	4 230
Additions	21	45 873	81 289	34 422	161 605
Disposals	0	(221)	(2 386)	(16 357)	(18 964)
Currency translation adjustments	1 575	(5 796)	(3 520)	(1 084)	(8 826)
At 31 December	22 173	264 570	441 763	168 332	896 838
ACCUMULATED DEPRECIATION					
At 1 January	(104)	(105 334)	(195 380)	(100 429)	(401 248)
Depreciation charge (Note 4.5)	0	(10 427)	(31 522)	(22 077)	(64 027)
Impairment (Note 4.5)	0	0	(2 449)	(434)	(2 883)
Disposals	0	(4)	1 464	13 940	15 400
Currency translation adjustments	104	1 008	1 477	1 794	4 383
At 31 December	0	(114 757)	(226 411)	(107 207)	(448 375)
NET BOOK VALUE	22 173	149 812	215 353	61 125	448 463

Repair and maintenance expenses for property, plant and equipment for the business year 2023 amounted to CHF 18.5 million (2022: CHF 15.1 million).

4.2 Right-of-use assets

2023

(in CHF 1 000)	Land	Buildings	Plant and machinery	Other	Total
COST					
At 1 January	3 079	269 290	1 719	20 148	294 235
Change in consolidation scope (Note 2.1)	0	2 301	0	571	2 872
Additions	0	39 921	0	10 346	50 267
Disposals	0	(28 944)	0	(5 464)	(34 408)
Currency translation adjustments	(328)	(16 637)	(122)	(2 017)	(19 104)
At 31 December	2 750	265 931	1 597	23 582	293 861
ACCUMULATED DEPRECIATION					
At 1 January	(62)	(68 111)	(1 053)	(9 978)	(79 205)
Depreciation charge (Note 4.5)	(59)	(22 355)	(312)	(6 725)	(29 451)
Disposals	0	9 332	0	4 843	14 174
Currency translation adjustments	10	4 164	96	871	5 141
At 31 December	(110)	(76 971)	(1 269)	(10 990)	(89 340)
NET BOOK VALUE	2 640	188 960	328	12 592	204 521

2022

(in CHF 1 000)	Land	Buildings	Plant and machinery	Other	Total
COST					
At 1 January	3 222	259 671	2 684	20 120	285 697
Change in consolidation scope (Note 2.1)	0	5 438	0	2 754	8 192
Additions	95	34 898	0	6 766	41 760
Disposals	0	(20 974)	(949)	(8 063)	(29 986)
Currency translation adjustments	(239)	(9 744)	(16)	(1 429)	(11 428)
At 31 December	3 079	269 290	1 719	20 148	294 235
ACCUMULATED DEPRECIATION					
At 1 January	0	(53 243)	(1 514)	(9 616)	(64 373)
Depreciation charge (Note 4.5)	(65)	(23 497)	(514)	(5 930)	(30 006)
Disposals	0	6 408	949	4 883	12 240
Currency translation adjustments	4	2 221	26	684	2 935
At 31 December	(62)	(68 111)	(1 053)	(9 978)	(79 205)
NET BOOK VALUE	3 017	201 178	665	10 170	215 030

Beside the lease contracts recognized as right-of-use assets, the Group entered into lease contracts with terms of 12 months or less and leases of low value. In 2023, the Group recognized expenses of CHF 12.0 million related to short-term leases (2022: CHF 8.6 million) and CHF 1.4 million related to low value leases (2022: CHF 5.4 million).

The Group recognized a total cash outflow for leases of CHF 36.0 million in 2023 (2022: CHF 35.2 million). The maturity analysis of lease liabilities is disclosed in Note 9.2.

4.3 Intangible assets

2023

(in CHF 1 000)	Goodwill	Brands	Technology	Software	Customer & distribution relationships	Other intangibles	Total
COST							
At 1 January	715 599	202 958	73 911	116 958	175 906	33 913	1 319 245
Change in consolidation scope (Note 2.1)	235 286	5 559	70 430	0	13 018	36	324 329
Additions	0	0	1 245	32 936	0	1 482	35 663
Disposals	0	0	0	(6 813)	0	(559)	(7 372)
Currency translation adjustments	(46 977)	(12 130)	(5 286)	2 771	(16 329)	(2 690)	(80 640)
At 31 December	903 908	196 386	140 301	145 853	172 595	32 182	1 591 225
ACCUMULATED AMORTIZATION AND IMPAIRMENT							
At 1 January	(191 288)	(53 672)	(62 592)	(76 432)	(129 568)	(27 744)	(541 295)
Amortization charge (Note 4.5)	0	(1 148)	(3 501)	(16 780)	(5 608)	(1 687)	(28 724)
Impairment (Note 4.5)	(155 390)	0	0	(3 135)	0	0	(158 525)
Disposals	0	0	0	6 100	0	527	6 628
Currency translation adjustments	17 271	3 014	3 258	1 192	11 313	2 341	38 388
At 31 December	(329 407)	(51 806)	(62 836)	(89 054)	(123 864)	(26 562)	(683 529)
NET BOOK VALUE	574 501	144 580	77 465	56 799	48 731	5 620	907 696

2022

(in CHF 1 000)	Goodwill	Brands	Technology	Software	Customer & distribution relationships	Other intangibles	Total [1]
COST							
At 1 January	628 689	142 768	77 302	85 703	167 173	37 547	1 139 182
Change in consolidation scope (Note 2.1)	108 583	64 721	0	277	19 607	430	193 618
Additions	0	0	0	33 300	0	529	33 829
Disposals	0	0	0	(3 352)	0	(19)	(3 371)
Currency translation adjustments	(21 673)	(4 532)	(3 391)	1 031	(10 874)	(4 574)	(44 013)
At 31 December	715 599	202 958	73 911	116 958	175 906	33 913	1 319 245
ACCUMULATED AMORTIZATION AND IMPAIRMENT							
At 1 January	(203 339)	(10 060)	(64 186)	(65 650)	(128 776)	(28 284)	(500 295)
Amortization charge (Note 4.5)	0	(45 028)	(2 758)	(11 038)	(6 368)	(3 480)	(68 672)
Impairment (Note 4.5)	0	0	0	(607)	0	(304)	(911)
Disposals	0	0	0	439	0	19	457
Currency translation adjustments	12 051	1 417	4 352	425	5 575	4 306	28 125
At 31 December	(191 288)	(53 672)	(62 592)	(76 432)	(129 568)	(27 744)	(541 295)
NET BOOK VALUE	524 311	149 286	11 319	40 527	46 338	6 170	777 950

1 Prior year's presentation has been adapted to the current year format.

Other intangibles mainly include development costs and patents.

In 2023, the Group spent CHF 111.1 million (2022: CHF 104.6 million) on research and development. The amount is included in 'Administrative expense' in the consolidated income statement.

4.4 Impairment test for non-financial assets

Annual impairment test for goodwill and indefinite life intangible assets

Goodwill and indefinite life intangible assets are allocated to cash-generating units (CGU) for the purpose of impairment testing. A summary of goodwill and indefinite life intangibles allocation per CGU is presented below:

(in CHF 1 000)	2023		2022	
	Goodwill	Brand with indefinite life	Goodwill	Brand with indefinite life
AlliedStar business	158 853	0		
Global premium implant business	124 164	0	59 259	0
ClearCorrect business	89 715	28 798	99 407	31 542
Neodent business	68 044	32 681	68 405	32 854
Medentika business	36 373	16 453	38 369	17 356
Anthogyr business	21 471	11 228	22 649	11 844
DrSmile business	18 272	32 997	170 976	34 808
Other	57 609	0	65 246	0
TOTAL	574 501	122 157	524 311	128 404

AlliedStar business

The CGU AlliedStar business (which is part of the operating segment Sales APAC) contains the manufacturing plant and the related sales activities for AlliedStar intraoral scanner solutions. The goodwill was recognized as part of the acquisition of AlliedStar in 2023.

Global premium implant business

The CGU global premium implant business (which is part of the operating segment Operations) is the principal towards all distribution businesses of the Group for premium implant, restorative and implant maintenance solutions and contains the goodwill allocated to the principal recognized in acquisitions of companies distributing such products on local markets. In 2023, the increase in goodwill mainly relates to the acquisitions of GalvoSurge Dental AG and the Group's former distributor in the Baltic countries.

ClearCorrect business

The CGU ClearCorrect business (which is part of the operating segment Sales NAM) contains the manufacturing plant and the related sales activities for ClearCorrect products. The goodwill and the ClearCorrect brand were recognized as part of the acquisition of ClearCorrect in 2017.

Neodent business

The CGU Neodent business (which is part of the operating segment Sales LATAM) contains the manufacturing plant for Neodent products, the related sales activities in the Brazilian market and the export business towards the Group's distribution principal and to third party distributors. Both goodwill and the Neodent brand were recognized as part of the acquisition of Neodent in 2015.

Medentika business

The CGU Medentika business (which is part of the operating segment Sales EMEA) contains the manufacturing plant for Medentika products, the related sales activities in the German market and the export business towards the Group's distribution principal and to third party distributors. Both goodwill and the Medentika brand were recognized as part of the acquisition of Medentika in 2017.

Anthogyr business

The CGU Anthogyr business (which is part of the operating segment Sales EMEA) contains the manufacturing plant for Anthogyr products, the related sales activities in the European market as well as the export business towards the Group's distribution principal and to third party distributors. Both goodwill and the Anthogyr brand were recognized as part of the acquisition of Anthogyr in 2019.

DrSmile business

The CGU DrSmile business (which is part of the operating segment Sales EMEA) contains the orthodontics business of DrSmile in the European market. The goodwill and the DrSmile brand were recognized as part of the acquisitions of DrSmile in 2020 and PlusDental in 2022.

Goodwill and indefinite life intangibles were tested for impairment. The recoverable amount of a group of CGUs is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by Management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. The growth rate does not exceed the long-term average growth rate for the dental implant, restoration and orthodontics sector.

Key assumptions for the most material CGUs are as follows:

(in %)	2023	2022
ALLIEDSTAR BUSINESS		
Gross profit margin of the CGU[1]	83.9	
Terminal growth rate[2]	2.2	
Weighted average cost of capital (WACC)[3]	14.3	
GLOBAL PREMIUM IMPLANT BUSINESS		
Gross profit margin of the CGU[1]	75.9	73.5
Terminal growth rate[2]	1.5	1.5
Weighted average cost of capital (WACC)[3]	8.7	8.8
CLEARCORRECT BUSINESS		
Gross profit margin of the CGU[1]	69.0	66.0
Terminal growth rate[2]	2.1	2.0
Weighted average cost of capital (WACC)[3]	15.4	14.2
NEODENT BUSINESS		
Gross profit margin of the CGU[1]	69.3	71.9
Terminal growth rate[2]	3.5	3.5
Weighted average cost of capital (WACC)[3]	18.8	15.3
MEDENTIKA BUSINESS		
Gross profit margin of the CGU[1]	58.4	63.4
Terminal growth rate[2]	2.0	2.0
Weighted average cost of capital (WACC)[3]	13.1	12.8
ANTHOGYR BUSINESS		
Gross profit margin of the CGU[1, 4]	71.6	68.0
Terminal growth rate[2]	1.6	1.6
Weighted average cost of capital (WACC)[3]	13.7	13.9
DRSMILE BUSINESS		
Gross profit margin of the CGU[1]	72.0	74.9
Terminal growth rate[2]	2.0	2.0
Weighted average cost of capital (WACC)[3]	12.1	14.6

1 Budgeted gross profit margin
2 Used for calculating the terminal value
3 Pre-tax discount rate applied to the cash flow projections
4 Prior year's presentation has been restated due to a misstated gross profit margin

Gross profit margin was determined by management based on past performance and its expectations for market development. The WACCs used are pre-tax and reflect specific risks relating to the relevant CGUs. The Group believes that no changes in key assumptions which can rationally be expected would cause the carrying amount of any CGU to exceed its recoverable amount.

In 2023, the Group recognized a goodwill impairment of CHF 149.9 million in conjunction with its DrSmile business. The key assumptions used in the impairment test are disclosed in the preceding table. The impairment is mainly caused by a reduced sales growth rate forecast, owing to the macroeconomic environment of inflationary pressure and softer private consumption. The impairment charge is recognized in 'Administrative expense' in the consolidated income statement.

In 2022, no impairments were recognized.

4.5 Depreciation, amortization and impairments

(in CHF 1 000)	2023	2022
Depreciation of property, plant and equipment	(72 057)	(64 027)
Depreciation of right-of-use assets	(29 451)	(30 006)
Amortization of intangible assets	(28 724)	(68 672)
Impairment of property, plant and equipment	(792)	(2 883)
Impairment of intangible assets	(158 525)	(911)
TOTAL DEPRECIATION, AMORTIZATION AND IMPAIRMENTS	(289 550)	(166 499)

The impairment of intangible assets in 2023 mainly relates to the goodwill impairment charge described in Note 4.4. The amortization of intangible assets of CHF 68.7 million in 2022 mainly relates to an acquired brand of CHF 43.5 million due to the Group's conclusion to run its direct-to-consumer clear aligner business in Europe exclusively under the DrSmile brand.

5 Net working capital
5.1 Inventories

(in CHF 1 000)	2023	2022
Raw materials and supplies	76 641	51 654
Work in progress	92 381	79 185
Finished goods	197 890	190 333
TOTAL INVENTORIES	366 912	321 172
Inventories recognized as an expense in cost of goods sold	(548 104)	(526 941)
Obsolete inventories written down and recognized as an expense	(9 160)	(5 993)

5.2 Trade and other receivables

(in CHF 1 000)	2023	2022
Trade receivables, net	466 491	416 366
Other receivables, thereof:	114 146	128 476
Prepayments	65 171	63 491
VAT and other non-income taxes	35 171	50 162
Sales & service related	9 564	9 773
Other	4 240	5 050
TOTAL TRADE AND OTHER RECEIVABLES	580 638	544 842
thereof: Financial assets as defined by IFRS 7[1]	476 055	426 139
thereof:		
CHF	15 719	22 469
EUR	226 228	200 912
BRL	90 947	75 468
USD	78 751	86 517
CNY	53 290	42 045
TRY	12 642	17 628
GBP	10 118	9 226
MXN	9 403	6 684
SEK	7 227	5 153
CAD	6 674	8 351
RUB	6 100	6 044
Other	63 540	64 345

1 Prior year's presentation has been restated due to a misstated classification of the financial assets as defined by IFRS 7.

Trade receivables are non-interest bearing. There is no concentration of credit risk with respect to trade receivables, as the Group has a large number of customers who are dispersed internationally.

The carrying amount of trade receivables transferred in recourse factoring arrangements, but not derecognized, is CHF 91.9 million (2022: CHF 80.0 million).

Movements in the provision for impairment of trade receivables were as follows:

(in CHF 1 000)	2023	2022
At 1 January	(45 208)	(30 087)
Charge for the year	(23 038)	(22 438)
Utilized	6 711	2 477
Unused amounts reversed	3 763	4 263
Currency translation adjustments	2 359	577
AT 31 DECEMBER	(55 414)	(45 208)

The charge for the year in 2023 and 2022 is mainly related to increased default risks due to the current market conditions as well as business expansion.

There is no provision on other receivables.

The analysis of overdue trade receivables is as follows:

	2023		2022	
(in CHF 1 000)	Gross	Allowance	Gross	Allowance
Not past due	396 392	(5 635)	356 301	(5 790)
Past due, thereof:	125 513	(49 779)	105 274	(39 419)
< 30 days	29 272	(2 831)	35 661	(2 041)
31–60 days	20 045	(2 572)	15 858	(1 151)
61–90 days	11 091	(3 707)	9 409	(2 356)
91–120 days	8 432	(3 896)	7 215	(3 407)
> 120 days	56 673	(36 773)	37 130	(30 463)
TOTAL	521 905	(55 414)	461 575	(45 208)

5.3 Cash and cash equivalents

(in CHF 1 000)	2023	2022
Cash at banks and on hand, thereof:	294 571	381 133
CHF	142 715	219 310
EUR	45 099	64 739
USD	31 066	35 576
CNY	28 289	7 326
JPY	11 150	10 498
PLN	5 440	869
RUB	4 386	2 487
CAD	3 931	9 592
AUD	3 724	7 105
SEK	2 588	3 329
SGD	1 544	2 243
IRR	1 359	2 305
Other	13 280	15 756
Short-term bank deposits, thereof:	14 014	314 970
CHF	0	300 000
BRL	6 631	8 451
GBP	4 337	2 926
Other	3 046	3 592
Money market fund, thereof:	101 725	0
CHF	101 725	0
TOTAL CASH AND CASH EQUIVALENTS	410 310	696 103

Cash at banks earns interest at floating rates based on daily bank deposit rates in the respective currency. The money market fund is classified as cash and cash equivalents and is measured at fair value.

5.4 Trade and other payables

(in CHF 1 000)	2023	2022
Trade payables	93 619	83 229
Other payables, thereof:	494 698	490 879
Accrued liabilities	231 606	176 307
Recourse factoring liability	91 879	80 013
Sales related	55 643	55 033
Deferred revenue	29 679	30 565
VAT and other non-income taxes	25 874	36 473
Refund liability	17 699	8 989
Contingent consideration	18 362	82 352
Salary and social security	14 132	13 779
Other	9 825	7 368
TOTAL TRADE AND OTHER PAYABLES	588 317	574 107
thereof: Financial liabilities as defined by IFRS 7[1]	491 109	476 933

1 Prior year's presentation has been restated due to a misstated classification of the financial liabilities as defined by IFRS 7.

The increase of accrued liabilities is mainly attributable to the higher revenue generated within the Chinese market. The majority of contingent consideration liability relates to the business combinations of Digital Planning Service Private Limited (CHF 4.5 million) and AlliedStar (CHF 3.8 million). In 2022, the majority of contingent consideration liability related to the DrSmile business combination and amounts to CHF 76.0 million. Further details are given in Note 7.3.

6 Provisions, other non-current liabilities, contingencies and commitments

6.1 Provisions

(in CHF 1 000)	Sales-related	Legal	Other	Total 2023	Total 2022
At 1 January	1 332	27 743	4 336	33 411	32 216
Change in consolidation scope	0	865	0	865	1 293
Additions	1 114	6 678	3 623	11 415	9 157
Utilization	(81)	(8 905)	(480)	(9 466)	(2 148)
Reversal	(449)	(2 804)	(415)	(3 668)	(6 837)
Currency translation adjustments	(110)	(816)	(157)	(1 083)	(270)
At 31 December	1 806	22 761	6 907	31 474	33 411
Non-current 2023	680	19 677	6 896	27 253	
Current 2023	1 126	3 084	11	4 221	
TOTAL PROVISIONS 2023	1 806	22 761	6 907	31 474	
Non-current 2022	1 112	17 243	4 083		22 438
Current 2022	220	10 500	253		10 973
TOTAL PROVISIONS 2022	1 332	27 743	4 336		33 411

Sales related

Provisions are made for expected product assurance-type warranties and similar items based on contractual arrangements. The amounts of the provision are determined on the basis of experience and are therefore subject to a degree of uncertainty. The outflow of funds depends on the timing of the filing and conclusion of warranty claims.

Legal

Legal provisions have been set up to cover legal and administrative settlements that arise in the ordinary course of business. They cover numerous separate cases whose detailed disclosure could be detrimental to Group interests. The timing of outflows is uncertain as it depends upon the outcome of the cases. Group Management does not believe it is possible to make assumptions on the evolution of the cases beyond the balance sheet date.

Other

The composition of these items is manifold and comprises, among other things, provisions for sales agents' indemnities and provisions related to sales and other taxes. The expected timing of the future cash outflows is uncertain.

6.2 Other non-current liabilities

(in CHF 1 000)	2023	2022
Contingent consideration	196 642	29 486
Other long-term employee benefits	9 792	9 312
Other	6 933	4 295
TOTAL OTHER LIABILITIES	213 368	43 093
thereof: Non-current financial liabilities as defined by IFRS 7	196 642	33 226

In 2023, the contingent considerations mainly include the financial liability in relation to the business combinations of AlliedStar (CHF 147.9 million), GalvoSurge (CHF 31.2 million) and the Baltic Distributors (CHF 12.9 million). Further details are given in Note 7.3. In 2022, the contingent consideration mainly included the Nihon business combination with a liability of CHF 10.6 million and the DrSmile business combination with a liability of CHF 8.8 million.

6.3 Contingencies and commitments

Contingent assets and liabilities

The Group has guarantee obligations with a maximum of CHF 70.1 million (2022: CHF 64.2 million). The guarantee obligations increased mainly due to the business model of DrSmile and the related business expansion. Some Group companies are involved in litigations arising from the normal course of their business and might be liable to pay compensation. The costs relating to these lawsuits may not be partially or fully covered by insurance. However, it is the view of the management that the outcome of such litigations will not significantly affect the Group's financial position over and above the provisions already recognized in the statement of financial position.

Contingent liabilities

(in CHF 1 000)	2023	2022
Guarantee obligations	70 052	64 245
Purchase commitments	14 659	1 053
TOTAL	84 712	65 298

7 Financing, capital and tax

7.1 Financial assets

(in CHF 1 000)	2023	2022
Financial assets at fair value through other comprehensive income	15 619	35 118
Loans and other receivables	3 870	4 283
Financial assets at fair value through profit or loss	0	902
TOTAL NON-CURRENT FINANCIAL ASSETS	19 488	40 303
Financial assets at fair value through profit or loss	3 227	1 010
Loans and other receivables	5 748	1 849
TOTAL CURRENT FINANCIAL ASSETS	8 974	2 858

Financial assets at fair value through other comprehensive income

Financial assets measured at fair value through other comprehensive income represent equity instruments in the medical device sector and an investment in a fund. The Group did not recognize any dividend income relating to these instruments during the periods under review.

Loans and other receivables

This position includes various non-derivative financial assets carried at amortized cost which generate interest income for the Group. The carrying value may be affected by changes in the credit risk of the counterparties.

Financial assets at fair value through profit or loss

This category mainly includes derivative financial instruments used by the Group to hedge its foreign currency risk.

7.2 Financial liabilities

(in CHF 1 000)	2023	2022
Straight bond	199 944	199 901
Lease liabilities	183 466	195 087
Financial liabilities at amortized costs	31 764	3 012
Put options to non-controlling interests	5 022	5 117
TOTAL NON-CURRENT FINANCIAL LIABILITIES	420 196	403 117
Lease liabilities	28 943	26 599
Financial liabilities at fair value through profit or loss	1 120	160
Financial liabilities at amortized costs	176	430
Straight bond	0	280 009
TOTAL CURRENT FINANCIAL LIABILITIES	30 239	307 198

Movements in liabilities arising from financing activities are as follows:

(in CHF 1 000)	2023	2022
At 1 January	710 315	731 050
Repayment of current financial debts	(281 045)	(169)
Change in lease liabilities	38 189	30 414
Increase in non-current financial debt	32 369	0
Payment of lease liabilities	(28 169)	(28 585)
Currency translation adjustments	(15 112)	(9 691)
Interest paid on lease liabilities	(7 789)	(6 627)
Change in consolidation scope	3 550	28 142
Repayment in non-current financial debts	(1 332)	(5 672)
Change in fair values	865	(500)
Purchase of non-controlling interests	0	(13 955)
Payment of debt assumption (Note 2.1)	0	(14 805)
Other changes	(1 406)	713
AT 31 DECEMBER	450 435	710 315

The repayment of current financial debts mainly relates to the repayment of the straight bond in 2023. The change in consolidation scope in 2023 mainly relates to the business combination of AlliedStar, the Baltic Distributors and GalvoSurge and in 2022 to the business combination of Nihon and PlusDental (Note 2.1). In 2022 the payment of the debt assumption related to the business combination of PlusDental, the purchase of non-controlling interest related to the share acquisition from minority shareholders of Medentika GmbH.

Straight bonds

On 3 October 2023 the Group repaid its CHF-denominated domestic straight bond of CHF 280 million which was issued in April 2020.

In July 2020, the Group placed an additional CHF-denominated domestic straight bond for an aggregate amount of CHF 200 million, with issue date 15 July 2020 and an interest rate of 0.55% p.a., payable annually in arrears on 3 October. The bond is due for repayment on 3 October 2025.

Denomination of the bond is CHF 5 000 nominal and multiples thereof. The bond was admitted to trading on the SIX Swiss Exchange with effect from 10 June 2020 until 3 October 2025. The bond is listed in accordance with the Standard for Bonds on the SIX Swiss Exchange.

The interest-bearing borrowings recognized in the financial position are calculated as follows:

(in CHF 1 000)	2023	2022
Straight bonds at 1 January	479 910	479 841
Repayment	(280 000)	0
Interest expense	3 303	4 016
Redemption (coupon)	(3 269)	(3 947)
thereof:		
Recognized in trade and other payables (Note 5.4)	(280)	(987)
Disbursement	(2 989)	(2 960)
STRAIGHT BONDS AT 31 DECEMBER	199 944	479 910

7.3 Financial instruments

Fair values

The carrying amount of cash and cash equivalents, trade and other receivables and trade and other payables with a remaining term of up to twelve months, as well as other current financial assets and liabilities, represent a reasonable approximation of their fair values due to the short-term maturities of these instruments.

The fair value of equity instruments quoted in an active market is based on price quotations at the period-end date. For the domestic bond listed on the SIX Swiss Exchange, the fair value is derived from quoted market prices.

The fair value of the put options granted to non-controlling interests relates to the business combination of Abutment Direct Inc in 2019.

The fair value of derivatives is determined on the basis of input factors observed directly or indirectly on the market. The fair value of foreign exchange forward contracts and non-deliverable forwards are based on forward exchange rates.

The unquoted equity instruments allocated to Level 3 hierarchy mainly relate to investments in an Irish-based development and manufacturing company in the biomaterials sector, a non-listed US consumer health company in the dental sector, as well as a fund that is dedicated exclusively to investments in dental-related opportunities in China. As the market for these investments is not active or no market is available, fair value is determined based on best information available to the Group, such as the net asset value reports of the instruments.

Other financial liabilities allocated to Level 3 hierarchy mainly include the contingent considerations in relation to the business combinations of AlliedStar in China, GalvoSurge in Switzerland, the Baltic Distributors and Digital Planning Service Private Limited in Pakistan. The fair value of the contingent considerations is based on several components such as profitability targets (AlliedStar, Baltic Distributors and GalvoSurge) company and product related milestone achievements (AlliedStar, GalvoSurge and Digital Planning Service) as well as the share price of Straumann Holding AG shares (AlliedStar). The fair value of investments in Level 3 is reviewed regularly for a possible diminution in value.

Fair value hierarchy

The Group uses the following hierarchy for disclosure of the fair values of financial instruments by valuation technique:

- Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities
- Level 2: Techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly
- Level 3: Techniques which predominantly use input data which is not based on observable market data

At 31 December 2023 and 2022 the Group held the following financial instruments:

2023 (in CHF 1 000)	Carrying amount (by measurement basis)					Fair value
	Amortized cost	Level 1	Level 2	Level 3	Total carrying amount	
FINANCIAL ASSETS (NOTE 7.1)						
Derivative financial assets			3 227		3 227	
Equity instruments				15 619	15 619	
Loans and other financial receivables	9 617				9 617	
FINANCIAL ASSETS (NOTE 5.2)						
Trade and other receivables	476 055				476 055	
FINANCIAL ASSETS (NOTE 5.3)						
Cash and cash equivalents	308 585	101 725			410 310	
FINANCIAL LIABILITIES (NOTE 7.2)						
Straight bonds	199 944				199 944	196 600
Derivative financial liabilities			1 120		1 120	
Put options to non-controlling interests				5 022	5 022	
Lease liabilities	212 409				212 409	
Other financial liabilities	31 940				31 940	
FINANCIAL LIABILITIES (NOTE 5.4 AND 6.2)						
Trade and other liabilities	472 747			215 004	687 751	

2022 (in CHF 1 000)	Carrying amount (by measurement basis)					Fair value
	Amortized cost	Level 1	Level 2	Level 3	Total carrying amount	
FINANCIAL ASSETS (NOTE 7.1)						
Derivative financial assets			1 010		1 010	
Equity instruments		15 068		20 952	36 020	
Loans and other financial receivables	6 131				6 131	
FINANCIAL ASSETS (NOTE 5.2)						
Trade and other receivables[1]	426 139				426 139	
FINANCIAL ASSETS (NOTE 5.3)						
Cash and cash equivalents	696 103				696 103	
FINANCIAL LIABILITIES (NOTE 7.2)						
Straight bonds	479 910				479 910	489 564
Derivative financial liabilities			160		160	
Put options to non-controlling interests				5 117	5 117	
Lease liabilities	221 686				221 686	
Other financial liabilities	3 442				3 442	
FINANCIAL LIABILITIES (NOTE 5.4 AND 6.2)						
Trade and other liabilities[1]	398 322			111 838	510 160	

1 Prior year's presentation has been restated due to a misstated classification of the financial assets and liabilities as defined by IFRS 7.

The changes in carrying values associated with Level 3 financial instruments are set as follows:

(in CHF 1 000)	2023		2022	
	Financial assets	Financial liabilities	Financial assets	Financial liabilities
At 1 January	20 952	116 954	21 303	131 985
Remeasurement recognized in OCI	(5 333)	(22)	11 883	358
Additions	0	205 295	1 617	11 737
Settlements	0	(86 724)	(1 763)	(21 954)
Remeasurement recognized in profit or loss	0	(15 382)	0	(4 850)
Remeasurement recognized in equity	0	(95)	0	(322)
Transfer into Level 1	0	0	(12 088)	0
AT 31 DECEMBER	15 619	220 026	20 952	116 954

Additions to Level 3 financial liabilities mainly relate to the contingent consideration payable in conjunction with the AlliedStar (CHF 153.4 million), the GalvoSurge (CHF 33.5 million) and the Baltic Distributors (CHF 14.8 million) business combinations. In 2022, additions to Level 3 financial liabilities related to the contingent consideration payable of CHF 11.7 million in conjunction with the Nihon business combination.

Settlement of Level 3 financial liabilities mainly relate to the contingent consideration payment in conjunction with the DrSmile business combination (CHF 80.9 million). In 2022, settlement of Level 3 financial liabilities mainly related to the contingent consideration payment in conjunction with the Bay Materials (CHF 2.1 million) and Medical Technologies 21 LLC (CHF 2.3 million) business combinations as well as to the purchase of non-controlling interests from the minority shareholders of Medentika (CHF 14.0 million).

Financial liabilities remeasured in profit or loss mainly related to the fair value adjustment of the contingent consideration liability in conjunction with the DrSmile (CHF 3.8 million) and Nihon (CHF 7.7 million) business combinations.

The Group invested in equity shares of a medical device company whose shares were suspended from trading from the end of 2021 until April 2022. In 2021, the investment was transferred into Level 3, as the market of this investment became inactive due to the suspension. After the shares resumed trading and current published price quotations were available again, the investment was transferred back into Level 1 in April 2022 (CHF 12.1 million).

Besides the transfer into Level 1 in 2022 described above, there were no further transfers between Level 1 and Level 2 fair value measurements and no transfers into or out of Level 3 fair value measurements in 2023 and 2022.

The significant unobservable inputs for material financial instruments within Level 3 of the fair value hierarchy and their quantitative sensitivity analysis at 31 December 2023 are as follows:

Instrument	Valuation technique	Significant unobservable input	Sensitivity of the input to fair value
Contingent consideration AlliedStar	Present value of the estimated redemption value	Units sold	1 000 base-point increase (decrease) in units sold would result in an increase (decrease) in fair value of CHF 4.2 million, resp. CHF -4.2 million.
		Share price	1 000 base-point increase (decrease) in share price would result in an increase (decrease) in fair value of CHF 3.8 million, resp. CHF -3.8 million.
		Interest rate	100 base-point increase (decrease) in the interest rate would result in a decrease (increase) in fair value of CHF -5.1 million, resp. CHF 5.4 million.
Contingent consideration GalvoSurge	Present value of the estimated redemption value	Gross profit	1 000 base-point increase (decrease) in gross profit would result in an increase (decrease) in fair value of CHF 3.0 million, resp. CHF -3.0 million.
		Interest rate	100 base-point increase (decrease) in the interest rate would result in a decrease (increase) in fair value of CHF -1.8 million, resp. CHF 1.9 million.

The fair value of the contingent consideration for AlliedStar depends on technical and commercial milestone achievements, the share price development of Straumann Holding AG shares and the interest rate prevailing at the balance sheet date. For commercial milestone achievements, the expected redemption value is mainly dependent on the number of scanners sold, while for cash payments linked to the share price of Straumann Holding AG it is dependent on its share performance. The expected achievements have been assessed and result in a fair value of the contingent consideration of CHF 151.7 million at 31 December 2023.

The fair value of the contingent consideration for GalvoSurge mainly depends on commercial and technical milestones which are mainly sensitive to the gross profit of Galvosurge products and the interest rate prevailing at the balance sheet date. The expected achievements have been assessed and result in a fair value of the contingent consideration of CHF 33.8 million at 31 December 2023.

The Group did not disclose further sensitivity analysis at 31 December 2023 for the remaining Level 3 financial instruments, as their quantitative sensitivity is not material to the Group.

Hedges

On 31 December 2023, the Group had forward exchange contracts for net CHF 166.1 million (2022: CHF 145.8 million) and non-deliverable foreign exchange forward contracts (NDF) for CHF 10.6 million (2022: CHF 4.1 million).

7.4 Finance income and expense

(in CHF 1 000)	2023	2022
FINANCE INCOME	110 890	107 187
Interest income:		
from financial instruments at amortized cost	6 783	2 577
Fair value and other financial income	22 470	7 963
Foreign exchange gains	81 637	96 648
FINANCE EXPENSE	(167 173)	(136 892)
Interest expense:		
from financial instruments at amortized cost	(10 157)	(10 397)
on defined benefit obligation (net)	(372)	(165)
from lease liabilities	(7 789)	(6 627)
Fair value and other financial expense	(23 469)	(9 071)
Financial impairment expense	(1 922)	0
Foreign exchange losses	(123 464)	(110 633)
TOTAL FINANCE EXPENSE NET	(56 283)	(29 705)

7.5 Share capital

On 20 April 2022, the Group's shares were split one share into ten (1:10) based on the decision of the annual general meeting on 5 April 2022. Hence, the par value of the shares decreased from CHF 0.10 to CHF 0.01 each.

The share capital is represented by 159 455 239 issued shares (2022: 159 455 239) of CHF 0.01 par value, fully paid in.

The conditional share capital was approved for an unlimited period at an extraordinary annual general meeting in 1998 for use in equity participation plans for employees and management and was increased in 2016. As of 31 December 2023, the conditional share capital amounted to CHF 21 741.51 (2022: CHF 21 741.51).

Treasury shares are valued at weighted average cost and have been deducted from equity. The fair value of the treasury shares at 31 December 2023 amounted to CHF 1.6 million (2022: CHF 10.6 million).

As of 31 December 2023, the number of outstanding shares amounted to 159 443 481 (2022: 159 354 617) and the number of treasury shares amounted to 11 758 (2022: 100 622).

The number of shares outstanding developed as follows:

	2023	2022
At 1 January	159 354 617	159 157 110
Performance share plan – PSU	0	138 330
Employee share participation plan – ESPP	0	103 219
Treasury shares		
Purchased	(202 073)	(60 758)
Used	290 937	16 716
AT 31 DECEMBER	159 443 481	159 354 617

7.6 Dividends per share

The dividend paid in 2023 was CHF 0.80 per share (2022: CHF 0.68 per share). The total payout amounted to CHF 127.4 million in 2023 and CHF 107.4 million in 2022. A dividend for the year ended 31 December 2023 of CHF 0.85 per share, amounting to a total dividend of CHF 135.5 million, will be proposed at the shareholders' general meeting on 12 April 2024. These financial statements do not reflect this payable dividend.

7.7 Income tax

Income tax expense

(in CHF 1 000)	2023	2022
Income taxes from current period	(105 013)	(97 417)
Income taxes from other periods	(2 164)	(4 256)
Deferred	8 366	38 018
Total income tax expense	(98 811)	(63 655)
EFFECTIVE INCOME TAX RATE (IN %)	28.6	12.8

For 2023, the expected tax rate was changed from the weighted average tax rate – calculated by multiplying the accounting profits (or losses) of each Group company by the respective statutory tax rate over the total pre-tax profit of the Group – to the domestic tax rate of Straumann Holding AG in the amount of 13.04%. The Group believes that the use of a weighted average tax rate is not leading to a meaningful expected tax rate given the current profit allocation among the various Group entities.

The following elements explain the difference between the income tax expense at the domestic tax rate of Straumann Holding AG and the effective Group income tax expense:

(in CHF 1 000)	2023	2022[1]
Profit before tax	345 621	498 435
Domestic tax rate	13.0 %	13.0 %
Income tax at domestic tax rate	(45 069)	(64 996)
Effect of tax rates in foreign jurisdictions	27 398	14 177
Non-tax-deductible expense	(48 632)	(6 790)
Non-taxable income	3 963	8 237
Changes in recognition of tax assets from losses or tax credits (and their expiry)	(6 078)	(548)
Utilization of previously unrecognized tax losses or tax credits to offset current taxes	373	21
Tax losses or tax credits from current year that are not recognized	(28 361)	(9 569)
Effect of changes in tax rates or imposition of new taxes	(699)	89
Current taxes from other periods	(2 164)	(4 256)
Other	457	(19)
EFFECTIVE INCOME TAX EXPENSE	(98 811)	(63 655)

1 Comparative figures have been restated to the current year format.

AVAILABLE TAX LOSS CARRY-FORWARDS AND TAX CREDITS

(in CHF 1 000)	2023	2022
At 1 January	344 792	196 731
Adjustments of tax loss carry-forwards on opening balance	4 535	(5 512)
Change in consolidation scope	7 679	80 422
Tax losses and credits arising from current year	91 271	106 514
Tax losses and credits expired (not used) during current year	(16 139)	(1 767)
Tax losses and credits utilized against current year profits	(12 716)	(24 638)
Currency translation adjustments	(19 395)	(6 958)
AT 31 DECEMBER	400 026	344 792

Deferred income tax assets of CHF 53.2 million (2022: CHF 62.8 million) were recorded in respect of available tax loss carry-forwards and tax credits of CHF 173.0 million (2022: CHF 194.7 million). Deferred income tax assets for unused tax losses and tax credits are recognized to the extent that it is probable that future taxable profits will be available, against which the unused tax losses and tax credits can be utilized in the respective countries, or to the extent that the individual companies have sufficient taxable temporary differences. Further, deferred income tax assets in Germany in the amount of CHF 15.2 million are recognized to the extent of their utilization due to contemplated restructuring measures.

In 2012, the Group acquired 49% of Neodent through a fully owned subsidiary and subsequently conducted a downstream merger into Neodent. This transaction led to recognition of tax deductible goodwill and a capitalization of a deferred tax asset in Neodent's financial statements. In 2015, the Group obtained control over Neodent and started to consolidate Neodent in its financial statements. At 1 March 2015, the tax deductible goodwill amounted to CHF 124.9 million and the carrying amount of the respective deferred tax assets amounted to CHF 42.5 million. Effective as of 1 January 2016, Straumann Brasil Ltda was merged into Neodent. As a result of the merger, Neodent will benefit from future tax savings and has consequently recognized a deferred tax asset of CHF 38.7 million in respect of the tax credit of CHF 113.7 million. At the balance sheet date, the remaining deferred tax asset and tax credit amounted to CHF 11.9 million (2022: CHF 13.6 million) and CHF 34.9 million (2022: CHF 40.0 million).

Unused tax loss carry-forwards for which no deferred tax has been recognized will expire as follows:

(in CHF 1 000)	2023	2022
Expiry in next business year (current year +1)	670	1 352
Expiry current year +2	1 603	2 711
Expiry current year +3	23 579	2 320
Expiry current year +4	2 958	22 552
Expiry current year +5 and later	198 201	121 176
UNUSED TAX LOSS CARRY-FORWARDS AT 31 DECEMBER	227 012	150 111

Pillar Two model rules

The Group falls under the scope of the OECD Pillar Two model rules, which are enacted as of 31 December 2023 or are expected to be enacted in the near future in the jurisdictions where the Group is operating. As at the reporting date, the Pillar Two legislation was not yet effective, resulting in no additional current income taxes for the Group. The Group has elected not to recognize additional deferred tax assets/liabilities related to Pillar Two income taxes.

Under the legislation, the Group is liable to pay a top-up tax for the difference between their GloBE (Global Anti-Base Erosion) effective tax rate per jurisdiction and the minimum tax rate of 15%. The Group is currently assessing its exposure to the Pillar Two legislation when it becomes effective.

The Group believes that it is not practicable at this point to quantify the potential impact on the Group's income tax expense, considering – inter alia – changing tax laws, pending additional guidance as well as the revised version of GloBE commentary which were announced by the OECD for 2024 and the ongoing need to interpret the Pillar Two rules. It is however expected that most countries in which the Group operates will be able to benefit from the temporary safe harbor rules. The main tax exposure will relate to Switzerland. Local compliance requirements based on Pillar Two legislation are being monitored and taken into consideration.

Deferred income taxes

The movement in deferred income tax assets and liabilities is as follows:

2023

(in CHF 1 000)	PPE & leasing	Intangible assets	Inventory valuation	Tax loss carry-forwards, tax credits	Other	Total
Net deferred tax balance at 1 January	(3 600)	(57 477)	42 337	62 786	8 158	52 205
Change in consolidation scope – additions	0	(13 851)	(55)	0	0	(13 906)
(Charged) / credited to income statement	(202)	3 959	(959)	(6 655)	12 224	8 366
Credited to statement of comprehensive income	0	0	0	0	2 678	2 678
Charged to statement of changes in equity	0	0	0	0	(83)	(83)
Currency translation adjustments	211	4 221	(106)	(2 910)	(3 228)	(1 812)
NET DEFERRED TAX BALANCE AT 31 DECEMBER	(3 591)	(63 149)	41 217	53 221	19 749	47 447
Deferred tax assets at 31 December	49 338	5 130	46 862	53 221	25 726	180 276
Deferred tax assets after offset at 31 December						106 951
Deferred tax liabilities at 31 December	(52 929)	(68 279)	(5 644)	0	(5 976)	(132 829)
Deferred tax liabilities after offset at 31 December						(59 503)

2022

(in CHF 1 000)	PPE & leasing	Intangible assets	Inventory valuation	Tax loss carry-forwards, tax credits	Other	Total
Net deferred tax balance at 1 January	(7 078)	(47 181)	34 242	47 429	17 357	44 769
Change in consolidation scope – additions	0	(23 988)	0	0	0	(23 988)
(Charged) / credited to income statement	3 552	13 260	8 029	16 245	(3 069)	38 018
Charged to statement of comprehensive income	0	0	0	0	(6 046)	(6 046)
Charged to statement of changes in equity	0	0	0	0	(1 998)	(1 998)
Currency translation adjustments	(74)	432	66	(888)	1 913	1 450
NET DEFERRED TAX BALANCE AT 31 DECEMBER	(3 600)	(57 477)	42 337	62 786	8 158	52 205
Deferred tax assets at 31 December	49 677	5 543	47 143	62 786	20 582	185 732
Deferred tax assets after offset at 31 December						104 900
Deferred tax liabilities at 31 December	(53 277)	(63 020)	(4 806)	0	(12 425)	(133 528)
Deferred tax liabilities after offset at 31 December						(52 696)

At 31 December 2023, there was no recognized deferred tax liability (2022: CHF nil) for taxes that would be payable on the unremitted earnings of certain of the Group's subsidiaries. The Group does not expect significant income tax liabilities from the distribution of retained earnings to the parent company.

8 Personnel

8.1 Employee benefits expense

(in CHF 1 000)	2023	2022
Wages and salaries	(704 948)	(653 260)
Share-based payments (Note 8.3)	(13 934)	(14 051)
Social security cost	(91 438)	(84 567)
Pension costs and other personnel expense	(59 738)	(65 417)
TOTAL EMPLOYEE BENEFIT EXPENSE	(870 058)	(817 295)

8.2 Retirement benefit obligations

Apart from the legally required social security schemes, the Group has several independent pension plans. In most cases these plans are externally funded in vehicles which are legally separate from the Group. For certain Group companies, however, no independent plan assets exist for the pension plan of subsidiaries. In these cases the related unfunded liability is included in the statement of financial position. The defined benefit obligations and related plan assets are reappraised annually by independent actuaries.

The Swiss pension plan represents the most significant portion of the Group's total defined benefit obligation and plan assets. Current pension arrangements for employees in Switzerland are made through plans governed by the Swiss Federal Occupational Old Age, Survivors and Disability Pension Act (BVG). The plan is funded by regular employer and employee contributions. The final benefit is contribution-based with certain minimum guarantees. Due to these minimum guarantees, the Swiss plan is treated as a defined benefit plan for the purposes of the Group's financial statements, although the plan has many of the characteristics of a defined contribution plan.

The amounts for the Group's pension plans recognized in the statement of financial position are as follows:

Movements of net liabilities recognized in statement of financial position

(in CHF 1 000)	2023	2022
Net liabilities at 1 January	(12 386)	(61 739)
Currency translation adjustments	421	186
Expense recognized in consolidated income statement	(13 695)	(16 319)
Employer contributions	15 890	14 297
Benefits paid	128	50
Remeasurements	(24 002)	51 139
NET LIABILITIES AT 31 DECEMBER	(33 644)	(12 386)

BALANCE SHEET

(in CHF 1 000)	2023	2022
Fair value of plan assets	295 475	285 390
Present value of funded benefit obligations	(325 410)	(294 501)
Deficit in the plan	(29 935)	(9 111)
Present value of unfunded benefit obligations	(3 709)	(3 275)
TOTAL RETIREMENT BENEFIT OBLIGATIONS	(33 644)	(12 386)

The net periodic benefit costs recorded in the income statement consist of the following components:

(in CHF 1 000)	2023	2022
Current service cost	(12 849)	(15 542)
Past service cost	109	(57)
Interest expense on defined benefit obligation	(7 308)	(774)
Interest income on plan assets	6 936	609
Administration costs	(583)	(555)
EXPENSE RECOGNIZED IN THE CONSOLIDATED INCOME STATEMENT	(13 695)	(16 319)

The defined benefit obligation of the Swiss pension plan amounts to CHF 324.1 million (2022: CHF 293.0 million), the plan assets are CHF 294.1 million (2022: CHF 284.1 million) and current service costs are CHF 12.1 million (2022: CHF 14.8 million).

The movement in the Group's defined benefit obligation over the year is as follows:

(in CHF 1 000)	2023	2022
Present value of benefit obligation at 1 January	(297 776)	(343 040)
Current service cost	(12 849)	(15 542)
Interest expense on defined benefit obligation	(7 308)	(774)
Past service cost	109	(57)
Employee contributions	(9 610)	(8 719)
Experience losses on defined benefit obligation	6 373	(11 130)
Benefits paid / transferred in	20 636	3 591
Actuarial results arising from change in financial assumptions	(28 907)	77 487
Actuarial results arising from change in demographic assumptions	(358)	156
Currency translation adjustments	571	252
PRESENT VALUE OF BENEFIT OBLIGATION AT 31 DECEMBER	(329 119)	(297 776)
thereof due to active members	(278 236)	(256 746)
thereof due to pensioners	(50 883)	(41 030)

On 31 December 2023, the weighted-average duration of the defined benefit obligation was 15 years (2022: 14 years).

The calculation of defined benefit obligation is based on actuarial assumptions. The principal actuarial assumptions for the plans, which are determined with respect to local conditions, were as follows:

	2023		2022	
	Switzerland	Other	Switzerland	Other
Discount rate	1.50 %	3.36 % - 22.45 %	2.40 %	3.00 % - 5.23 %
Future salary increases	1.50 %	1.00 % - 20.60 %	1.50 %	1.00 % - 5.00 %

Generational mortality tables are used where this data is available. In both years under review, the mortality assumptions used for the Swiss pension plan were based on the BVG 2020 applying the 'continuous mortality investigation' (CIM) model. A long-term rate of 1.5% was used for longevity improvements. The actuarial loss from financial assumptions is mainly due to the decrease in the discount rate.

The defined benefit pension obligation is significantly impacted by assumptions regarding the discount rate. Furthermore, the rate of future salary increases significantly affects the value of the plans.

A quantitative sensitivity analysis for significant assumptions is shown below:

(in CHF 1 000)	2023		2022	
	Defined benefit obligation		Defined benefit obligation	
	Increase	Decrease	Increase	Decrease
Discount rate (0.25 % movement)	8 732	(9 299)	7 078	(7 498)
Future salary growth (0.25 % movement)	(1 992)	1 164	(965)	937

The sensitivity analysis above was determined based on a method that extrapolates the impact on net defined obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

The movement in the fair value of plan assets over the year is as follows:

(in CHF 1 000)	2023	2022
Fair value of plan assets at 1 January	285 390	281 301
Interest income	6 936	609
Employer contributions	15 890	14 297
Employee contributions	9 610	8 719
Benefits paid / transferred in	(20 508)	(3 541)
Return on plan assets	(1 110)	(15 374)
Administration costs	(583)	(555)
Currency translation adjustments	(150)	(66)
FAIR VALUE OF PLAN ASSETS AT 31 DECEMBER	295 475	285 390

Plan assets are comprised as follows:

(in CHF 1 000)	2023		2022	
Cash and cash equivalents	7 647	2.6 %	13 920	4.9 %
Debt instruments	57 352	19.4 %	48 295	16.9 %
Equity instruments	85 882	29.1 %	82 385	28.9 %
Real estate	86 176	29.1 %	83 805	29.3 %
Other	58 418	19.8 %	56 985	20.0 %
TOTAL PLAN ASSETS	295 475	100.0 %	285 390	100.0 %

Cash and cash equivalents, as well as the largest part of the debt, equity instruments and other (mainly consisting of insurance-linked securities and investments in infrastructure funds) have a quoted market price and are tradeable in liquid markets. In 2023, 12% (2022: 12%) of the real estate investments have a quoted market price, while the rest is mainly invested in common investment foundations.

The strategic allocation of assets is determined with the objective of achieving an investment return which, together with the employer and employee contributions, is sufficient to maintain reasonable control over the various funding risks of the plan. The aim is to ensure that plan assets and liabilities are aligned in the medium and long term.

The Group's defined benefit plans are administered by independent foundations. The Board of Trustees, which is constituted by an equal number of representatives of the employer and employees, is responsible for the management of the plans. The Board of Trustees determines the investment strategy within the framework of the legal provisions taking into consideration the plans' risk objectives, benefit obligations and risk capacity. The Board of Trustees uses external actuarial reports to estimate the risk capacity.

Each year, the level of funding is reviewed as required by legislation. The duties of the Board of Trustees are laid down in the BVG and the pension fund regulations. In accordance with the BVG, a temporary shortfall is permitted. The Board of Trustees must take appropriate measures in order to solve the shortfall within a reasonable time. Pursuant to the BVG, additional employer and employee contributions may be incurred whenever a significant shortfall arises in accordance with the BVG.

The expected amount of contribution to post-employment benefit plans for 2024 is CHF 16.0 million.

Apart from the defined benefit plans, the Group also operates several defined contribution plans which receive fixed contributions from Group companies. The Group's legal or constructive obligation for these plans is limited to the contributions. The expense recognized in the current period in relation to these contributions was CHF 12.6 million (2022: CHF 15.0 million).

8.3 Share-based payments

The Group currently uses three different compensation plans involving share-based payment components:

- Long-term incentive (LTI)
- Board of Directors remuneration
- Employee share participation plan (ESPP)

Long-term incentive (LTI)

The LTI program is designed for Executive Management Board, senior management and other key employees. The plan uses performance share units (PSU), which are granted to eligible personnel with specific performance conditions that result in a potential vesting into Straumann shares after three years. The number of shares allocated per PSU depends on the achievement of the performance conditions, both directly reflecting the shareholder experience and considered essential for sustaining shareholder value creation.

- Absolute total shareholder return (aTSR) aims to link the LTI value at vesting directly with the absolute value created by the company for its shareholders.
- Relative total shareholder return (rTSR) shows the Group's share performance in the context of the market and in comparison with peer companies of the SMIM (Swiss Market Index Mid).

The performance conditions are weighted equally and vest independently of each other. For each performance condition, the maximum conversion factor is one share per PSU, leading to a total maximum conversion factor for the LTI for two shares per PSU. The valuation is performed by independent specialists applying the following significant inputs into the model: grant date, vesting date, average reference price, performance target including 'cap' and 'floor', share price at issue, risk-free interest rate, expected volatility, expected correlation and expected dividend yield.

aTSR – CAGR over three years

The aTSR symmetrical vesting curve is parametrized around the target of 7.0%, whereby the conversion rate of PSUs into shares ranges from 0% to 100%. Target achievement will result in a conversion rate of half a share per PSU, with any achievements below target achieving a conversion rate on a linear basis down to zero for any result below the minimum threshold. If the aTSR CAGR amounts to 14.0% or more, the conversion rate of one PSU amounts to a full share.

Three-year rTSR versus SMIM in percentage points

The rTSR symmetrical vesting curve allows for no payout in the case of below-pre-defined threshold performance (SMIM performance alignment) and limits the maximum payout to a conversion rate of 100% in case of above-target performance. No shares are allocated if the Group underperforms the SMIM by 25 percentage points or more (i.e. conversion rate of zero). However, each PSU converts into one share (i.e. conversion rate of 100%) if the Group outperforms the SMIM by 25 percentage points or more. Performance in line with the SMIM results in each PSU converting into half a share.

Board of Directors remuneration

The compensation of the Board of Directors consists of a fixed compensation component paid in cash and undiscounted shares. The shares allocated to the members of the Board of Directors are blocked for two years. The value of shares allocated is calculated using the average closing price of the shares over the seven trading days following the ex-dividend day.

Employee share participation plan

Eligible employees in Switzerland are able to purchase Straumann shares up to a maximum of 25% or 35% of their annual base salary at a discount of 25% or 35%, respectively, depending on hierarchical level and respective LTI eligibility. The grant value is based on the average share price over the seven-trading-day period following the ex-dividend day. The shares are blocked for two years. During the reporting period, employees subscribed to 98 619 (2022: 103 348) of those shares.

The expense recognized for share-based payments during the year is shown in the following table:

(in CHF 1 000)	2023	2022
Long-term incentive (LTI)	9 908	10 032
Board of Directors remuneration	1 000	1 000
Employee share participation plan (ESPP)	3 026	3 019
TOTAL SHARE-BASED PAYMENTS (NOTE 8.1)	13 934	14 051

There were no cancellations or modifications to the PSU awards in 2023 or 2022.

Movements in the number of performance share units are as follows:

RECONCILIATION OF OUTSTANDING PERFORMANCE SHARE UNITS

	2023	2022
At 1 January	249 891	262 270
Granted	84 283	90 390
Exercised	(90 561)	(77 360)
Forfeited	(22 004)	(25 409)
TOTAL AT 31 DECEMBER	221 609	249 891
Exercisable at 31 December	0	0

In 2023, 84 283 PSUs were granted under the LTI (2022: 90 390). The total fair value was determined using a Monte Carlo simulation algorithm and amounts to CHF 153.78 (2022: CHF 140.42).

Underlying assumptions for the fair value of the PSUs are presented below:

INPUTS TO THE MODELS

	2023	2022
	PSU	PSU
Dividend yield (in %)	0.00	0.00
Expected volatility (in %)	37.31	33.39
Risk-free interest rate (in %)	1.94	0.58
Expected life of PSUs (in years)	3	3
Share price (in CHF) at grant date in April	136.95	130.55
Fair value (in CHF)	153.78	140.42

The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the instruments is indicative of future trends, which may not necessarily be the actual outcome.

9 Other disclosures

9.1 Events after the balance sheet date

On 3 January 2024, the Group acquired 100% of the issued shares in Schmidt Dental, a Polish distributor that sells various Group brand and third-party products. The company was subsequently renamed Straumann Polska Sp. z.o.o. The provisional consideration for this acquisition amounts to CHF 21.9 million. While the upfront amount of CHF 9.6 million will be paid in 2024, an amount of CHF 12.3 million is expected to be paid based on performance achievements over the next three years.

The financial effects of this transaction were not recognized at 31 December 2023. The operating results and assets and liabilities of the acquired company will be consolidated from 1 January 2024. On the date the Group obtained control over Schmidt Dental, the Group's share of identifiable net assets had not yet been elaborated. Details of the assets taken over and the liabilities assumed, the future revenue and profit contribution of Schmidt Dental and the effect on the cash flow for the Group are not disclosed, as the accounting for the transaction was still incomplete at the time these consolidated financial statements were authorized for issue.

9.2 Financial risk management

The Group's principal financial liabilities comprise trade payables, finance leases, overdrafts, bank loans, contingent considerations and straight bonds issued in Switzerland. The Group has various financial assets such as trade receivables, cash, cash equivalents and short-term deposits.

The main risks arising from the Group's financial assets and liabilities are related to interest rate changes, foreign currency fluctuations, possible credit defaults and liquidity shortage. The Audit and Risk Committee agrees and reviews policies for managing these risks, which are summarized below. The risk management execution is carried out by specialist teams that have the appropriate skills, experience and supervision.

Market risk

Market risk refers to the risk that the fair value of future cash flows of financial assets and liabilities will fluctuate because of external changes in the markets involved. This systemic risk mainly affects the Group's interest rate risk, foreign currency risk, credit risk and liquidity risk. The subsequent sections provide insights into the management of the various risks, including major exposures and their potential effects on the Group's profitability. Such financial impacts are demonstrated in sensitivity analyses, which relate to the Group's net financial positions at 31 December 2023 and 2022. Excluded from the sensitivity calculations are changes in the carrying value of post-retirement obligations, provisions, non-financial assets and liabilities of foreign operations.

Interest rate risk

Interest rate risk refers to the risk that the fair value of future cash flows of financial assets and liabilities will fluctuate because of changes in market interest rates. The Group's exposure to this risk arises primarily from short-term interest-bearing assets and short-term debt obligations. The Group is primarily exposed to interest rate risks in the Swiss, EU and US markets. The Group's policy is to closely monitor interest rate risks and manage them using variable and fixed rates or financial derivatives. No material hedging activities, such as interest rate swaps, were conducted during the period under review.

Interest rate risk sensitivity

The following table demonstrates the impact of reasonably possible interest rate changes on the Group's profit before tax, with all other variables held constant. The sensitivity analysis considers major interest rate risk exposures. The method considers fair value changes of interest-bearing assets and borrowings. There is no material impact on the Group's equity.

(in CHF 1 000)	2023		2022	
CURRENCY	Increase / decrease (in base points)	Effect on profit before tax	Increase / decrease (in base points)	Effect on profit before tax
CHF	30	733	30	1 558
EUR	50	203	50	325
USD	50	165	50	200
CHF	(30)	(733)	(30)	(1 558)
EUR	(50)	(203)	(50)	(325)
USD	(50)	(165)	(50)	(200)

Foreign currency risk

Foreign exchange risk occurs when future transactions or recognized assets or liabilities are denominated in a currency that differs from the entity's functional currency. As most of the Group's business is international and its financial statements are prepared in Swiss francs, exchange rate fluctuations can affect both the Group's operating results and the reported values of the assets and liabilities. The Group is primarily exposed to the euro, the US dollar, the Brazilian real, the Chinese renminbi and the Japanese yen.
In addition to naturally reducing currency exposures, the Group's foreign currency risk management policy aims to centralize exposures and subsequently manage them through a selective hedging approach. Managed exposures comprise recognized and anticipated transactions over a maximum of 12 months. The Group uses derivative instruments, primarily forward currency contracts, non-deliverable foreign exchange forwards (NDF) and plain vanilla options. Hedging decisions are taken and, if possible, executed by Group Treasury. Speculative trading is forbidden.

At 31 December 2023, the Group had economically hedged 77% (2022: 67%) of its booked foreign currency exposure.

The Group has investments in foreign operations whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the Group's long-term investments in foreign operations is not hedged.

Foreign currency risk sensitivity

The following table demonstrates the impact (below operating profit) of reasonably possible currency rate changes on the Group's profit before tax (for fair value changes of financial assets and liabilities including fair value hedge derivatives) and the Group's equity (for fair value changes of currency derivatives designated as cash flow hedges), with all other variables held constant. The sensitivity analysis considers major foreign currency risk exposures.

(in CHF 1 000)	2023			2022		
CURRENCY	Increase / decrease (in %)	Effect on profit before tax	Effect on equity	Increase / decrease (in %)	Effect on profit before tax	Effect on equity
CNY / CHF	10	0	0	10	655	0
USD / CHF	10	(3 683)	0	10	2 484	0
BRL / CHF	10	0	0	10	(7)	0
EUR / CHF	10	2 296	0	10	519	0
JPY / CHF	10	0	0	10	0	0
CNY / CHF	(10)	0	0	(10)	(655)	0
USD / CHF	(10)	3 683	0	(10)	(2 484)	0
BRL / CHF	(10)	0	0	(10)	7	0
EUR / CHF	(10)	(2 296)	0	(10)	(519)	0
JPY / CHF	(10)	0	0	(10)	0	0

Credit risk

Credit risk is the potential for financial loss when counterparties fail to fulfill their obligations. The Group is exposed to credit risk through its operating activities, primarily through trade receivables and loan notes, and its financing activities, primarily through financial instruments such as foreign exchange derivatives and cash deposits with financial institutions.

Trade receivables

It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, maturing and overdue receivable balances are monitored on an ongoing basis. The Group continuously reviews its provision for impairment. The maximum exposure is the carrying amount as disclosed in Note 5.2. In 2023, 96% of the transactions and 95% in 2022 respectively occurred in the country of the respective operating unit. There are no significant concentrations of customer credit risk within the Group.

Financial instruments and cash deposits

Credit risk from balances with banks and other financial institutions is managed by Group Treasury in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties. The Group's exposure to credit risk arises from the potential default of a counterparty, with a maximum exposure equal to the carrying amount of these assets.

The table below shows the major cash balances held with financial institutions at the balance sheet date.

(in CHF 1 000)	2023		2022	
BANK	Rating	Balance	Rating	Balance
Bank A	A+	102 920	A+	131 308
Bank B	A	98 433	A-	68 021
Bank C	A-	18 010	A-	28 436
Bank D	A	6 071	A	1 223
Bank E	A+	1 392	A-	5 132
Bank F	AAA	29	AAA	129 026
Bank G	AA+	7	AA+	121 205
Bank H	AA+	7	AA+	100 458
Other banks		81 716		111 294
Money market fund	A-1+[1]	101 725		0
TOTAL		410 310		696 103

1 Average rating of investments according to short-term rating methodology of S&P

Liquidity risk

Liquidity risk refers to the potential inability to meet short-term debt obligations due to a shortage of liquid assets. The Group carefully monitors its liquidity risk through diligent asset and liability management.

This includes a regular liquidity planning approach throughout the Group. The Group aims to maintain an adequate funding structure using bank overdrafts, bank loans, bonds and finance leases. Following its policy, Group Treasury ensures a permanently accessible cash reserve and flexible short-term funding options through committed or uncommitted credit lines, using a forward-looking approach.

The following table reflects all undiscounted contractually agreed payments for repayments and interest resulting from recognized financial liabilities at 31 December 2023 and 31 December 2022.

(in CHF 1 000)	2023			2022		
	< 1 year	1–5 years	> 5 years	< 1 year	1–5 years	> 5 years
Straight bonds	1 120	201 140	0	283 976	202 260	0
Lease liabilities	34 404	94 884	148 308	33 892	91 328	155 636
Other financial liabilities	1 296	18 403	18 383	591	8 129	0
Trade and other payables[1]	491 109	196 642	0	476 933	33 226	0
TOTAL	527 929	511 069	166 690	795 392	334 943	155 636

1 Prior year's presentation has been restated due to a misstated classification of the financial liabilities as defined by IFRS 7.

Capital management

The Group's capital management primarily aims to enable investments in business growth and ensure a strong credit rating and healthy capital ratios in order to support its business and secure shareholder investments. The Group manages its capital structure and makes adjustments when necessary. These can also involve changing the dividend payment to shareholders, returning capital to shareholders through share buy-backs, or issuing new shares.

As the Group operates in a fast-moving industry, its policy is to maintain a high degree of flexibility in its capital structure through a high availability of liquid funds. The Group monitors its capital base using the equity ratio. In the medium and long term, the Group strives to maintain an equity ratio of around 50% or higher.

Equity ratio

(in CHF 1 000)	2023	2022
Total assets	3 321 979	3 373 435
Equity	1 838 606	1 853 845
EQUITY RATIO	55.3 %	55.0 %

9.3 Principal currency translation rates

CURRENCY	Unit	31 Dec 2023	Average 2023	31 Dec 2022	Average 2022
Brazilian real (BRL)	100	17.36	17.97	17.46	18.39
Canadian dollar (CAD)	1	0.64	0.67	0.68	0.73
Chinese renminbi (CNY)	100	11.88	12.71	13.30	14.14
Euro (EUR)	1	0.93	0.97	0.98	1.00
Japanese yen (JPY)	100	0.60	0.64	0.70	0.73
Turkish lira (TRY)	1	0.03	0.04	0.05	0.06
US dollar (USD)	1	0.84	0.90	0.92	0.95

9.4 Related-party disclosure

Besides the associates and the key management personnel, the Group has identified the following related parties:

- the International Team for Implantology (ITI) Foundation
- Medartis AG

In the period under review, the following related-party transactions were made:

(in CHF 1 000)	2023	2022
PURCHASE OF GOODS FROM:		
Associates	(11 517)	(10 668)
Medartis AG	(2)	(28)
SALE OF GOODS TO:		
Associates	3 343	3 852
SERVICES RENDERED TO:		
Associates	1 571	864
ITI Foundation	1 258	773
SERVICES RECEIVED FROM:		
Associates	(1 742)	(2 485)
CONTRIBUTIONS PAID TO:		
ITI Foundation	(11 200)	(10 601)
TOTAL	(18 290)	(18 294)

Payments to the ITI Foundation are based on a collaboration agreement between the Group and the ITI.

The payments received for the rendering of services as well as the purchases of goods as stated above are carried out under normal commercial terms and conditions.

The following open balances due to/from related parties are recognized in the statement of financial position:

(in CHF 1 000)	2023	2022
Associates loans receivables	2 993	2 422
Associates (payables) / receivables	(371)	1 879
ITI Foundation (payables) / receivables	(2 244)	(2 522)
TOTAL	377	1 779

Key management personnel compensation

Key management personnel comprises the Board of Directors and the Executive Management Board (EMB).

The Board of Directors is entitled to a fixed compensation, which is paid out in cash and shares. The shares allocated to the members of the Board of Directors are blocked for 2 years.

The compensation of the EMB consists of a fixed portion and variable portion, which depends on the course of business and individual performance. In addition, Executive Management Board members participate in the LTI program (Note 8.3).

Compensation

The following table shows the compensation of key management personnel recognized in profit or loss in line with the Group's accounting policies.

(in CHF 1 000)	2023	2022
Salaries and other short-term employee benefits	16 454	15 355
Post-employment benefits	2 420	2 537
Share-based payments	5 101	4 498
TOTAL KEY MANAGEMENT PERSONNEL COMPENSATION RECOGNIZED IN THE INCOME STATEMENT	23 975	22 390

9.5 Subsidiaries and associates

The consolidated financial statements of the Group include:

NAME	City	Country of incorporation	Interest and voting rights 2023 (in %)	Share capital 31 Dec 2023	
SUBSIDIARIES:					
Anthogyr SAS	Sallanches	France	100.00	EUR	1 254 040
Anthogyr S.A.	Mersch	Luxembourg	100.00	EUR	400 100
Batigroup Dental Diş Ürünleri Ticaret AŞ	Ankara	Türkiye	100.00	TRY	340 400 000
Biora AB	Malmö	Sweden	100.00	SEK	950 152
Dental Wings Inc.	Montreal	Canada	100.00	CAD	24 648 923
Dental Wings GmbH	Chemnitz	Germany	100.00	EUR	25 000
Dental Wings HK Limited	Hong Kong	China	100.00	RMB	4 000 000
DW Manufacturing Inc.	Montreal	Canada	100.00	CAD	1
Equinox Dental AG	Basel	Switzerland	100.00	CHF	100 000
etkon (Schweiz) AG	Rheinfelden	Switzerland	100.00	CHF	100 000
GalvoSurge Dental AG	Widnau	Switzerland	100.00	CHF	500 000
Institut Straumann AG	Basel	Switzerland	100.00	CHF	100 000
Straumann Software Centre India LLP	Mumbai	India	100.00	INR	400 000 000
Straumann Italia Srl	Milan	Italy	100.00	EUR	270 000
Instradent AG	Basel	Switzerland	100.00	CHF	100 000
Createch Medical S.L.U.	Mendaro	Spain	100.00	EUR	1 334 784
Createch Institute A.E.I.E.	Mendaro	Spain	100.00	EUR	880 000
Straumann Middle East PJS	Tehran	Iran	100.00	IRR	40 000 000
T-Plus Implant Tech. Co. Ltd.	New Taipei City	Taiwan	58.06	TWD	154 901 960
Instradent LLC	Moscow	Russia	100.00	RUB	17 250 000
Manohay Argentina SA	Buenos Aires	Argentina	100.00	ARS	19 000 000
Manohay Chile SPA	Santiago	Chile	100.00	CLP	1 863 200 000
Manohay Colombia SAS	Bogotá	Colombia	100.00	COP	14 100 062 000
Manohay Dental SA	Madrid	Spain	100.00	EUR	60 200
Manohay México SA de CV	México DF	Mexico	100.00	MXN	41 892 615
Medical Technologies 21 LLC	Moscow	Russia	100.00	RUB	10 000
Nihon Implant Co., Ltd	Kyoto	Japan	85.00	JPY	50 000 000
SmileCo GmbH	Berlin	Germany	100.00	EUR	25 000
DrSmile BeNeLux B.V.	Den Haag	Netherlands	100.00	EUR	10
DrSmile Iberia S.L.	Madrid	Spain	100.00	EUR	3 000
DrSmile Polska sp. z o.o.	Warsaw	Poland	100.00	PLN	505 000
PlusDental Poland sp. z o.o.	Wrocław	Poland	100.00	PLN	5 000
DrSmile Sverige AB	Stockholm	Sweden	100.00	SEK	25 000

NAME	City	Country of incorporation	Interest and voting rights 2023 (in %)	Share capital 31 Dec 2023	
DZK Deutsche Zahnklinik GmbH	Düsseldorf	Germany	100.00	EUR	25 000
SmileCo Austria GmbH	Linz	Austria	100.00	EUR	35 000
SSS Services UK Limited	London	UK	100.00	GBP	1 000
Sunshine Smile GmbH	Berlin	Germany	100.00	EUR	72 600
Sunshine Smile Dental Technologies GmbH	Berlin	Germany	100.00	EUR	25 000
Sunshine Smile Patient Care & Services GmbH	Berlin	Germany	100.00	EUR	25 000
PlusDental Netherlands B.V.	Amsterdam	Netherlands	100.00	EUR	10
Urban Technology GmbH	Berlin	Germany	100.00	EUR	25 000
DrSmile France SAS	Marseille	France	100.00	EUR	10 000
DrSmile Italia srl	Milano	Italy	100.00	EUR	10 000
Straumann (Beijing) Medical Device Trading Co Ltd	Beijing	China	100.00	CNY	70 290 000
Straumann (China) Investment Company Limited	Shanghai	China	100.00	USD	60 000 000
Ziyang Alliedstar Medical Equipment Co., Ltd.	Ziyang	China	51.00	CNY	255 102
Shanghai Alliedstar Medical Technology Co., Ltd	Shanghai	China	51.00	CNY	10 000 000
Shanghai Shizhuolian Business Consulting Co., Ltd.	Shanghai	China	100.00	CNY	100 000
Straumann (Shanghai) Medical Device Co., Ltd.	Shanghai	China	100.00	USD	30 000 000
Lirui Medical Technology (Shanghai) Company Limited	Shanghai	China	100.00	CNY	50 000 000
3D ADD Medical Technology (Beijing) Co. Ltd.	Beijing	China	100.00	CNY	31 285 714
Straumann AB	Mölndal	Sweden	100.00	SEK	100 000
Straumann AS	Oslo	Norway	100.00	NOK	1 000 000
Straumann BV	Ijsselstein	Netherlands	100.00	EUR	18 151
JJGC Indústria e Comércio de Materiais Dentários S.A.	Curitiba	Brazil	100.00	BRL	1 152 621 860
Smile factory S I e P LTDA.	Curitiba	Brazil	100.00	BRL	2 945 390
Smilink Serviços Ortodônticos Ltda.	São Paulo	Brazil	100.00	BLR	123 010 095
Yller Biomateriais S / A	Pelotas	Brazil	100.00	BRL	19 984
Straumann Canada Ltd	Burlington	Canada	100.00	CAD	2 100 000
Straumann Danmark Aps	Brøndby	Denmark	100.00	DKK	125 000
Straumann Dental India LLP	Mumbai	India	100.00	INR	1 766 000 000
Straumann Dental Korea Inc	Seoul	Republic of Korea	100.00	KRW	2 300 000 000
Straumann Dental s.r.l.	Bucharest	Romania	100.00	RON	4 050 000
Straumann Digital Planning Services (Private) Ltd	Lahore	Pakistan	100.00	PKR	12 000 000
Straumann GmbH	Vienna	Austria	100.00	EUR	40 000
Straumann Group & Clear Correct Singapore Pte Ltd.	Singapore	Singapore	100.00	SGD	10 000
Straumann Group (Taiwan) Co. Ltd.	Taipei	Taiwan	75.00	TWD	13 333 333
Straumann Group (Thailand) Limited	Bangkok	Thailand	100.00	THB	120 000 000
Straumann Group Adriatic d.o.o.	Zagreb	Croatia	100.00	EUR	3 320
Straumann Group Costa Rica S.A.	San José	Costa Rica	100.00	CRC	500 000
Manohay Costa Rica Servicios y Exportación S.R.L.	San José	Costa Rica	100.00	CRC	109 800 000
Straumann Group Peru SA	Lima	Peru	100.00	PEN	8 402 500
Straumann Group SDN. BHD.	Kuala Lumpur	Malaysia	100.00	MYR	1 055 000
Straumann Group South Africa (PTY) LTD	Somerset West	South Africa	100.00	ZAR	1 000
Straumann Holding Deutschland GmbH	Freiburg	Germany	100.00	EUR	25 000
etkon GmbH	Gräfelfing	Germany	100.00	EUR	326 000
Medentika GmbH	Hügelsheim	Germany	100.00	EUR	275 000
Abutment Direct Inc.	Markham	Canada	50.00	CAD	0
OxiMaTec GmbH	Hochdorf	Germany	100.00	EUR	52 000
Straumann GmbH	Freiburg	Germany	100.00	EUR	200 000
Straumann Services AG & Co. KG	Freiburg	Germany	100.00	EUR	10 000
Straumann Indochina Co. Ltd.	Hanoi	Vietnam	100.00	VND	6 975 000 000
Straumann Japan KK	Tokyo	Japan	100.00	JPY	490 000 000
etkon Japan KK	Shibayama	Japan	100.00	JPY	10 000 000
Straumann Jordan PSC	Amman	Jordan	49.00	JOD	50 000
Straumann Lithuania UAB	Vilnius	Lithuania	100.00	EUR	10 000
Straumann Estonia OÜ	Tallinn	Estonia	100.00	EUR	2 500
Straumann Latvia SIA	Riga	Latvia	100.00	EUR	2 800
Straumann LLC	Moscow	Russia	100.00	RUB	21 000 000
Straumann Ltd	Crawley	UK	100.00	GBP	300 000
Straumann Manufacturing, Inc.	Andover	USA	100.00	USD	1
Bay Materials LLC	Fremont	USA	100.00	USD	0
ClearCorrect Holdings, Inc.	Round Rock	USA	100.00	USD	1
ClearCorrect Operating, LLC	Round Rock	USA	100.00	USD	1 000
Straumann USA, LLC	Andover	USA	100.00	USD	1
Straumann Oy	Helsinki	Finland	100.00	EUR	32 000
Straumann Pty Ltd	Port Melbourne	Australia	100.00	AUD	100
Straumann New Zealand Ltd	Napier	New Zealand	100.00	NZD	0

NAME	City	Country of incorporation	Interest and voting rights 2023 (in %)	Share capital 31 Dec 2023	
Straumann SA / NV	Zaventem	Belgium	100.00	EUR	2 565 021
Straumann SAS	Fontenay-sous-Bois	France	100.00	EUR	287 472
SCI Alpina Immobilière	Fontenay-sous-Bois	France	100.00	EUR	50 000
Straumann Services Spain SL	Madrid	Spain	100.00	EUR	3 000
Straumann SRO	Prague	Czech Republic	100.00	CZK	200 000
Straumann Villeret SA	Villeret	Switzerland	100.00	CHF	9 000 000
Straumann Manufacturing Pars PJS	Tehran	Iran	100.00	IRR	40 000 000
Gravitonas UAB	Vilnius	Lithuania	100.00	EUR	2 500

The next senior and ultimate holding company of the Straumann Group is Straumann Holding AG which is based and listed in Switzerland.

NAME	City	Country of incorporation	Interest and voting rights 2023 (in %)
ASSOCIATES:			
botiss medical AG	Berlin	Germany	30.00
Dental Monitoring SAS	Paris	France	6.11
Good Methods Global Inc.	Celebration	USA	36.34
maxon dental GmbH	Kenzingen	Germany	49.00
MiniNaviDent AG	Liestal	Switzerland	39.12
Rodo Medical Inc.	San Jose	USA	23.16
Rapid Shape GmbH	Heimsheim	Germany	35.00
Promaton Holding B.V.	Amsterdam	Netherlands	88.11
Smilecloud S.R.L.	Timișoara	Romania	30.00
STM Digital Dentistry Holding Ltd.	Hong Kong	China	49.00
Peak Dental Solutions HK Ltd.	Hong Kong	China	40.00
Warantec Co., Ltd.	Seongnam-si	Republic of Korea	33.50
3D Diagnostix Inc.	Boston	USA	30.00
Digital Design Solutions S.A.E.	Cairo	Egypt	30.00

To the General Meeting of
Straumann Holding AG, Basel

Basel, 26 February 2024

Report of the statutory auditor

Report on the audit of the consolidated financial statements

Opinion
We have audited the consolidated financial statements of Straumann Holding AG and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2023, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated cash flow statement and the consolidated statement of changes in equity for the year then ended, and notes to the consolidated financial statements, including material accounting policy information (pages 184 to 227).

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards and comply with Swiss law.

Basis for opinion
We conducted our audit in accordance with Swiss law, International Standards on Auditing (ISA) and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the 'Auditor's responsibilities for the audit of the consolidated financial statements' section of our report. We are independent of the Group in accordance with the provisions of Swiss law, together with the requirements of the Swiss audit profession, as well as those of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

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

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

Valuation of goodwill and brands with indefinite useful life

Area of focus	Goodwill and brands with indefinite useful life stemming from the various acquisitions represent 21% of the Group's total assets and 38% of the Group's equity as of 31 December 2023. In 2023 total impairment charges of CHF 155.4 million were recognized (see Group's disclosures Note 4.3). There is a risk of limited recoverability of these assets, in case the planned growth and margins for the domestic or international business are not realized as budgeted or forecasted by management. Indicators of impairment are assessed at each reporting date and an impairment test is performed at least annually. In determining the value in use of cash-generating units, management applies judgment in estimating – amongst other factors – future revenues and margins, long-term growth and discount rates. Such assumptions are affected by expected future market or economic conditions. Due to the significance of the carrying amount of the goodwill and brands with indefinite useful life and the judgment involved in performing the impairment test, this matter was considered significant to our audit.
Our audit response	We gained an understanding of the impairment process and confirmed the existence of key controls. We evaluated the Group's valuation model for the impairment test of goodwill and brands with indefinite useful life. We reviewed the historical accuracy of the Group's estimates. With the assistance of our valuation specialists, we independently derived the weighted average cost of capital (WACC) and compared these to those calculated by the Group. Where the financial information differed from the forecasts, we also discussed with management and obtained supporting explanation about the assumptions regarding future revenues, margins and long-term growth rates. We further evaluated the sensitivity in the valuation resulting from reasonable changes applied to the key assumptions discount rates, long-term growth and margins. We assessed the adequacy of the disclosure provided in Note 4.4 of the consolidated financial statements in relation to the relevant accounting standards. Our audit procedures did not lead to any reservations concerning the valuation of goodwill and brands with indefinite useful life.

Uncertain tax position Neodent

Area of focus	At 1 March 2015, the tax-deductible goodwill amounted to CHF 124.9 million and the carrying amount of the respective deferred tax assets amounted to CHF 42.5 million. As of balance sheet date the recognized deferred tax assets relating to tax-deductible statutory goodwill and fair value step-ups amount to CHF 11.9 million. Such tax-deductible statutory goodwill and fair value step-ups originated from mergers subsequent to Neodent's acquisition through fully owned subsidiaries. The Group performs periodic assessments of the recoverability of deferred tax assets (see Group's disclosures Note 7.7). Brazilian tax authorities have challenged the legality of the tax-deductibility of the statutory goodwill and fair value step-ups. Due to the judgement involved in making an assessment on the final outcome of the case this matter was considered significant to our audit.
Our audit response	We involved local Brazilian tax experts to assist in evaluating the Group's assessment regarding tax-deductibility of statutory goodwill and fair value step-ups. We held discussions with group management to understand the current status of the court procedures. We analyzed the reassessment of the Group related to the decision of the Brazilian Administrative Court on the appropriateness of the deductibility of statutory goodwill and fair value step ups. Our audit procedures did not lead to any reservations concerning the valuation of the of the uncertain tax position Neodent.

Acquisition of AlliedStar

Area of focus	As described in the note 2.1 of the consolidated financial statements, the Group acquired 51% of the issued shares. The Group acquired the remaining 49% through forward purchase arrangements (FPA) until the end of 2029. These comprise various deferred considerations with a fixed exercise price and contingent considerations where the settlement amount is contingent upon a future event such as technical and commercial milestones which are described in note 7.3. The amount calculated by the Group for the deferred and contingent consideration amounts to CHF 151.7 million as of 31 December 2023. Following the acquisition of AlliedStar, management prepared a Purchase Price Allocation ('PPA'). The determination of identifiable and separate intangible assets acquired is exposed to risks given the large part of the transaction attributed to synergies and intangibles, with a total intangible and goodwill recognised as of 31 December 2023 of CHF 226 million. The determination of the contingent considerations is complex and requires a high degree of judgment in estimating the probability of occurrence of the commercial and technical milestones. We therefore deem this as a key audit matter for the year 2023.
Our audit response	In respect of the determination of identifiable and separable intangible assets acquired, we evaluated the valuation techniques adopted and tested the appropriateness of the underlying assumptions, and the mathematical accuracy of the valuation models with the support of our internal valuation specialists embedded in the engagement team. We corroborated management's assumptions relating to discount rate through benchmarking with available external data. We held discussions with experts employed by management to assist in the identification of separable intangible assets and the valuation thereof and evaluated the findings and conclusions in their report. We assessed the competence, capability and objectivity of experts employed by management. Our work was performed by the Group audit team and the valuation specialists embedded in the engagement team. In respect of the valuation of the contingent consideration related to the achievement of technical and commercial milestones, we obtained an understanding of the contractual terms and we held discussion with the management about the assessment of the probability of the technical milestones achievement based on the progress of the underlying projects, and of the commercial milestones analysing the underlying management estimates. We assessed the reasonableness and completeness of the disclosures made in note 2.1 of the consolidated financial statements. Our audit procedures did not lead to any reservations concerning the determination of the contingent consideration for the acquisition of AlliedStar.

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

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

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

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

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

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

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

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

Report on other legal and regulatory requirements

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

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

Ernst & Young Ltd

Fabian Meier Licensed audit expert (Auditor in charge)	Suvison Thanigasalam Licensed audit expert

FINANCIAL REPORT STRAUMANN HOLDING

Balance sheet

ASSETS

(in CHF 1 000)	Notes	31 Dec 2023	31 Dec 2022
Cash and cash equivalents		124 825	206 460
Securities and short term deposits		101 725	300 000
Other short-term receivables		103 103	10 913
from third parties		7 168	2 748
from investments		95 935	8 165
Prepaid expenses		97	150
Total current assets		329 750	517 523
Financial assets	2.1	986 500	926 748
Investments	2.2	1 137 002	1 232 423
Intangible assets		29	35
Total non-current assets		2 123 531	2 159 206
TOTAL ASSETS		2 453 281	2 676 729

EQUITY AND LIABILITIES

(in CHF 1 000)	Notes	31 Dec 2023	31 Dec 2022
Trade payables to third parties		163	169
Short-term interest-bearing liabilities to investments	2.3	30 636	102 290
Short-term interest-bearing liabilities to third parties	2.5	0	280 000
Other short-term liabilities to investments		1 114	24
Short-term provisions	2.4	3 419	3 150
Deferred income		1 379	2 260
Total current liabilities		36 711	387 893
Long-term interest-bearing liabilities		512 397	409 400
to third parties	2.5	200 000	200 000
to investments		312 397	209 400
Long-term provisions		3 000	3 000
Total non-current liabilities		515 397	412 400
Total liabilities		552 108	800 293
Share capital	2.6	1 595	1 595
Legal capital reserves		134 751	134 751
Reserves from capital contributions[1]	2.7	125 159	125 470
Share premium	2.7	9 592	9 281
Legal retained earnings		(6 927)	2 180
Reserves for treasury shares	2.8	1 519	10 626
Capital reserves		(11 986)	(11 986)
Statutory reserves		1 540	1 540
Extraordinary reserves		2 000	2 000
Voluntary retained earnings		1 771 754	1 737 910
Available earnings			
- Retained earnings		1 619 572	1 348 554
- Net result		152 182	389 356
Total equity		1 901 173	1 876 436
TOTAL EQUITY AND LIABILITIES		2 453 281	2 676 729

1 Thereof CHF 125 158 510 (2022: CHF 70 212 540) finally confirmed by the Swiss Federal Tax Administration in 2023.

Income statement

(in CHF 1 000)	Notes	2023	2022
Income from investments	2.10	412 650	391 941
Other financial income	2.11	56 123	21 941
Impairment reversal of investments	2.14	0	15 343
Total income		468 773	429 225
Other financial expense	2.12	(63 554)	(31 110)
Board compensation		(1 669)	(1 675)
Other operating expense	2.13	(4 262)	(4 255)
Impairment on investments	2.14	(247 134)	(3 000)
Amortization of intangible assets		(6)	(6)
Total expenses		(316 625)	(40 046)
Result before income tax		152 148	389 179
Direct taxes		34	177
NET RESULT		152 182	389 356

Notes to the financial statements

1 Principles

1.1 General

Straumann Holding AG is a public company whose shares are traded on the Swiss Exchange (SIX). As the parent company of the Straumann Group, the purpose of Straumann Holding AG is to acquire, dispose of and manage investments in the field of dental and medical technology.

These financial statements have been prepared in accordance with 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.

As Straumann Holding AG has prepared consolidated financial statements in compliance with accepted international accounting standards (IFRS Accounting Standards), it has decided to forego presenting a cash flow statement as well as additional disclosures in the notes in accordance with the law.

Straumann Holding AG together with its subsidiaries Institut Straumann AG, Straumann Villeret SA and Instradent AG are treated as a VAT group by the Swiss Federal Tax Administration. Owing to this group taxation, Straumann Holding AG is liable to the Swiss Federal Tax Administration jointly and severally with all group members for any VAT.

1.2 Financial assets

Financial assets include long-term loans. Loans granted in foreign currencies are translated at the exchange rate at the balance sheet date, whereby unrealized losses are recorded but unrealized gains are not recognized.

1.3 Treasury shares

Treasury shares are recognized at acquisition 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 expense.

1.4 Share-based payments

Should treasury shares be used for share-based payments for the Board members' compensation, the difference between the acquisition costs and any consideration paid is recognized as Board compensation.

1.5 Interest-bearing liabilities

Interest-bearing liabilities are recognized at nominal value. Discounts and issuing costs are recognized as prepaid expenses and amortized on a straight line basis over the term of the liability.

2 Information on balance sheet and income statement items

2.1 Financial assets

(in CHF 1 000)	31 Dec 2023	31 Dec 2022
Loans to subsidiaries	974 913	899 400
Loans to third parties	2 060	2 422
Other financial assets	9 528	24 926
TOTAL	986 500	926 748

2.2 Investments

The direct and major indirect investments of the company are listed in Note 9.5 of the Straumann Group Financial Statements. Ownership interests equal voting rights.

2.3 Short-term interest-bearing liabilities to investments

Short-term interest-bearing liabilities to investments consist of cash pool liabilities which add up to CHF 18.3 million (2022: CHF 23.9 million) as well as earnouts of CHF 12.3 million (2022: CHF 78.4 million). The decrease in earnouts is due to payouts and releases.

2.4 Short-term provisions

In 2023 and 2022, short-term provisions mainly include provisions for unrealized foreign exchange gains.

2.5 Interest-bearing liabilities to third parties

(in CHF 1 000)	31 Dec 2023	31 Dec 2022
Bonds	200 000	480 000
TOTAL	200 000	480 000
BOND CONDITIONS		
Nominal value	0	280 000
Interest rate in %		1.00
Maturity / term in years		3.5
Due date / maturity		3 Oct 2023
Nominal value	200 000	200 000
Interest rate in %	0.55	0.55
Maturity / term in years	5.2	5.2
Due date / maturity	3 Oct 2025	3 Oct 2025

The Group placed a CHF-denominated domestic straight bond issue for an aggregate amount of CHF 280 million with issue date 3 April 2020, payable annually in arrears on 3 October. On 3 October 2023 the Group repaid its CHF-denominated domestic straight bond of CHF 280 million which was issued in April 2020.

In July 2020 the Group placed an additional CHF-denominated domestic straight bond for an aggregate amount of CHF 200 million, with issue date 15 July 2020, payable annually in arrears on 3 October.

Denominations of the bonds are CHF 5 000 nominal and multiples thereof. The bonds have been admitted to trading on the SIX Swiss Exchange with effect from 27 March 2020 until 03 October 2023 respectively from 10 June 2020 until 3 October 2025 and are listed in accordance with the Standard for Bonds on the SIX Swiss Exchange.

2.6 Share capital

The share capital is represented by 159 455 239 issued shares (2022: 159 455 239) of CHF 0.01 par value.

2.7 Reserves from capital contribution

From a fiscal point of view, any distributions made from reserves from capital contributions are treated the same as a repayment of share capital. The Swiss Federal Tax Administration (ESTV) acknowledged the reported reserves for capital contribution as a capital contribution in accordance with Article 5 Paragraph 1bis Swiss Witholding Tax Act (VStG).

In 2023 the change in reserves from capital contribution includes the reclassification of CHF 0.3 million, which was not accepted by the Swiss Federal Tax Administration (including Swiss stamp duty), to share premium.

In 2022, the change included the reclassification of CHF 11.4 million from reserves from capital contributions, which was not accepted by the Swiss Federal Tax Administration (including Swiss stamp duty), to capital reserves.

2.8 Reserves for treasury shares

The shares of Straumann Holding AG on stock of Institut Straumann AG amount to 11 758 shares (2022: 100 622) with an average value of CHF 129.23 (2022: CHF 111.73). The treasury shares decreased mainly due to the vesting of performance share units and employee shares.

2.9 Treasury shares

Since 2017 all shares have been sold and no transactions regarding treasury shares occurred in 2023 or 2022.

2.10 Income from investments

In the reporting period, the dividend income amounted to CHF 412.7 million (2022: CHF 391.9 million).

2.11 Other financial income

Other financial income amounts to CHF 56.1 million (2022: CHF 21.9 million) and contains mainly the interest income from loans to subsidiaries and income from hedges on foreign currencies.

2.12 Other financial expense

Other financial expenses amount to CHF 63.6 million (2022: CHF 31.1 million) and consists mostly of foreign exchange losses resulting from the valuation of loans and earnouts, as well as interest expenses.

(in CHF 1 000)	2023	2022
Interest	10 400	9 574
Foreign exchange losses	52 311	21 008
Other financial expense	843	528
TOTAL	63 554	31 110

2.13 Other operating expense

(in CHF 1 000)	2023	2022
Administrative expense	470	358
Consulting expense	1 703	1 261
Sundry expense	2 089	2 636
TOTAL	4 262	4 255

2.14 Impairment on investments

In 2023, there were impairments on investments in the amount of CHF 247.1 million (2022: CHF 3.0 million. The impairment in 2023 is mainly related to the DrSmile business and is predominantly caused by a reduced sales growth rate forecast, owing to the macroeconomic environment of inflationary pressure and softer private consumption.

In 2022, the income statement showed a reversal of impairment of CHF 15.3 million. The Group had invested in equity shares of a medical device company, whose shares were suspended from trading from the end of 2021 until April 2022. In 2021, the investment was impaired (CHF 15.3 million) as the market of this investment became inactive due to the suspension. After the shares resumed trading in 2022 and current published price quotations were available again, the impairment was released.

3 Other information

3.1 Full time equivalents

Straumann Holding AG does not have any employees.

3.2 Major shareholders

Shareholders who own more than 3% of voting rights are as follows:

(in %)	31 Dec 2023[1]	31 Dec 2022[1]
MAJOR SHAREHOLDERS		
Dr h.c. Thomas Straumann (Vice Chair of the Board)	15.7	16.3
Dr h.c. Rudolf Maag	10.2	10.2
Black Rock Group[2]	7.2	7.3
Simone Maag de Moura Cunha	3.5	3.5
Gabriella Straumann	3.0	3.0
TOTAL MAJOR SHAREHOLDERS	39.6	40.3

1 Or at last reported date if shareholdings are not registered in the share register.
2 Not registered in Straumann's share register.

3.3 Allocation of equity instruments to the Board of Directors

According to the compensation plan, Board members' fees are paid in a fixed remuneration and shares. The number of shares is calculated based on the average price over the last seven days prior to the allocation.

The allocation was as follows:

	2023		2022	
	Number	Value in CHF 1 000		Value in CHF 1 000
Allocated to the Board of Directors	7 281	1 000	7 680	1 000

3.4 Events after the balance sheet date

On 3 January 2024, the Group acquired 100% of the issued shares in Schmidt Dental, a Polish distributor that sells various Group brand and third-party products. The company was subsequently renamed Straumann Polska Sp. z.o.o. The provisional consideration for this acquisition amounts to CHF 21.9 million. While the upfront amount of CHF 9.6 million will be paid in 2024, an amount of CHF 12.3 million is expected to be paid based on performance achievements over the next three years.

The financial effects of this transaction were not recognized at 31 December 2023. The operating results and assets and liabilities of the acquired company will be consolidated from 1 January 2024. On the date the Group obtained control over Schmidt Dental, the Group's share of identifiable net assets had not yet been elaborated. Details of the assets taken over and the liabilities assumed, the future revenue and profit contribution of Schmidt Dental and the effect on the cash flow for the Group are not disclosed, as the accounting for the transaction was still incomplete at the time these financial statements were authorized for issue.

Proposal of the Board of Directors for the appropriation of the available earnings

(in CHF 1 000)	2023	2022
Net result	152 182	389 356
Carried forward from previous year	1 610 466	1 353 555
Change in reserves for treasury shares	9 106	(5 001)
Profit available to the Annual General Meeting	1 771 754	1 737 910
Dividend paid out of the profit available (CHF 0.80 per share)		(127 445)
Proposed dividend distribution to be paid out of the profit available (CHF 0.45 per share)	(71 750)	
BALANCE CARRIED FORWARD	1 700 005	1 610 466
Available reserves from capital contributions before dividend distribution	125 159	
Proposed dividend to be paid out of the reserves from capital contributions (CHF 0.40 per share)	(63 777)	
AVAILABLE RESERVES FROM CAPITAL CONTRIBUTIONS AFTER DIVIDEND DISTRIBUTION	61 381	

The Board of Directors proposes to the shareholders' general meeting that a total dividend of CHF 0.85 per share be distributed, payable as of 18 April 2024. A gross dividend of CHF 0.45 is to be distributed from available earnings while CHF 0.40 is to be distributed out of 'reserves from capital contributions'. Calculated based on the total number of outstanding shares of 159 443 481, this corresponds to a total amount of CHF 135.5 million. In deciding on the appropriation of dividends, the shareholders' general meeting shall take into account that the Company will not pay a dividend on treasury shares held by the Company.

The remaining amount of the available earnings is to be carried forward.

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To the General Meeting of
Straumann Holding AG, Basel

Basel, 26 February 2024

Report of the statutory auditor

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Straumann Holding AG (the Company), which comprise the balance sheet as at 31 December 2023 and the income statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (pages 232 to 237).

In our opinion, the financial statements comply with the Swiss law and the Company's articles of incorporation.

Basis for opinion

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

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

Key audit matters

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

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

Valuation of investments in and loans to subsidiaries

Area of focus	Investments in and loans to subsidiaries as at balance sheet date amount to CHF 2'111 million or 86% of total assets. An impairment of CHF 246 million has been booked on the investment SmileCo GmbH. The Company assesses the valuation of its investments and loans and determines potential impairments on an individual basis in accordance with Swiss Code of Obligations (see Company's disclosures Note 2.14). Due to the significance of the carrying amount of the investments and loans and the judgement involved in the determination of potential impairments, this matter was considered significant to our audit.
Our audit response	We assessed the valuation methodology, analysed the underlying key assumptions and tested the mathematical accuracy of the valuation model. With the assistance of our valuation specialists, we independently derived the weighted average cost of capital (WACC) and compared it to Company's calculation. Our audit procedures did not lead to any reservations concerning the valuation of investments in and loans to subsidiaries.

Other information

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

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

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

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

Board of Directors' responsibilities for the financial statements

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

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

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

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

Report on other legal and regulatory requirements

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

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

Ernst & Young Ltd

Fabian Meier Licensed audit expert (Auditor in charge)	Suvison Thanigasalam Licensed audit expert