

Ad hoc announcement pursuant to Art. 53 LR
2022 Half-year report – Media Release

Straumann Group reports over CHF 1 billion in the first half of 2022

- Half-year revenue reached CHF 1.2 billion, growing 21% organically
- Revenue increased by 15.1% to reach CHF 589 million in the second quarter
- Strong volume growth brought core EBIT to CHF 329 million, with a margin of 27.9%
- Reported net profit rose to CHF 265 million or 23%
- Further development of the doctor-led clear-aligner treatment solutions business in Europe by acquiring PlusDental
- Group plans to achieve net-zero carbon emissions by 2040
- Peter Hackel, CFO, decided to leave the company after eight years of service
- Outlook 2022 confirmed: Organic revenue growth expected in the low double-digit percentage range and profitability is expected around 26% including major growth investments

in CHF million / margin changes rounded	H1 2022		H1 2021	
	IFRS	CORE ¹	IFRS	CORE ¹
Revenue	1178.3	1178.3	985.5	985.5
Change CHF		19.6%		62.9%
Change w/out FX		21.6%		67.1%
Change organic		20.8%		63.1%
Gross profit	895.7	895.7	751.6	751.7
Margin	76.0%	76.0%	76.3%	76.3%
Margin change CHF		(30bps)		530bps
Margin change w/out FX		20bps		560bps
EBITDA	381.7	381.7	332.6	332.6
Margin	32.4%	32.4%	33.7%	33.7%
Margin change CHF		(140bps)		1050bps
Margin change w/out FX		(80bps)		1090bps
EBIT	323.9	329.1	278.6	284.0
Margin	27.5%	27.9%	28.3%	28.8%
Margin change CHF		(90bps)		1220bps
Margin change w/out FX		(30bps)		1250bps
Net result	265.3	269.0	174.6	227.4
Margin	22.5%	22.8%	17.7%	23.1%
Margin change CHF		(20bps)		1090bps
Basic EPS (in CHF)	1.67	1.69	10.87	14.19
Free cash flow	78.1		210.2	
Margin	6.6%		21.3%	
Headcount (end of June)	9883		8169	

¹ The 'core' figures in this document exclude purchase-price allocation (PPA) amortization, impairments, restructuring expenses, legal cases, consolidation result of former associates, and other non-recurring incidents. Details and a reconciliation of the reported and core income statement are provided on pages 12ff.

Basel, August 16, 2022: Straumann Group revenue reached CHF 1.178 billion in the first six months of 2022, crossing the 1 billion mark for the first time in the first half of the year. The organic growth rate of 21% is a very good result, compared to 63% in 2021 which was positively influenced by the comparison to the pandemic year of 2020. Patient flow in China was affected by COVID lockdowns which heavily impacted the performance in Asia Pacific. The inflation in North America had some effect on patient flow towards the end of the second quarter while patient flow in Europe and LATAM remained very healthy.

The implantology business continued its strong growth momentum supported by the recently launched immediacy implant solutions, which continue to contribute to customer conversions. The performance of the digital solutions portfolio, led by the intraoral scanner segment, remains very strong. As a highlight, physical events started to take place again such as the European periodontology congress EuroPerio.

Guillaume Daniellot, Chief Executive Officer, commented: “The first half of 2022 was very strong and I’m pleased that we were able to start our physical promotion activities again in most regions – especially in the second quarter. The level of demand for our solutions remained high, which calls for a special thanks to our teams for their tireless service to our customers. In parallel we made great progress with some of our strategic projects on digital transformation as well as consumer presence which will start to show impact in the near future. In the first half of the year, we didn’t see a heavy impact by the ongoing economic challenges yet. Despite the current macro-economic uncertainties, we feel confident to confirm our full-year guidance.”

The EBIT margin remained high at 27.9% which is a consequence of the very strong revenue growth as well as fewer expenses due to COVID restrictions in some regions at the beginning of the year and in China during the second quarter. In order to meet rising number of customer requests and manage challenges due to delays in the delivery of machinery, manufacturing has been running at full capacity.

STRATEGIC PROGRESS SECOND QUARTER

Premium immediacy solutions keep momentum

The Group’s premium immediacy solutions continued to be successful and launches in additional countries are still ongoing. They support customer conversions to the entire product portfolio, also accelerating BLT implant sales. Immediacy protocols involve fewer surgical interventions and clinic visits, offering shorter time-to-teeth treatment options for patients and enabling clinicians to reduce chair time per patient.

Challenger brands further expand global footprint

The Group’s range of challenger implant brands such as Neodent and Anthogyr continue to further establish themselves in countries where they are already present and at the same time expand their global footprint.

The Anthogyr X3 implant was successfully launched in several European countries and the education-based launch of the Neodent ZI ceramic implant has been well-received by professionals around the world. Medentika, the third challenger brand, showed very strong growth in Europe in the second quarter, although on a smaller basis.

Digital solutions performed very strongly

In the second quarter, the intraoral scanners such as TRIOS, Medit and Virtuo Vivo have shown very strong growth. They are the entry point of the digital workflow for clinicians. With the increased use of intraoral scanners, the demand for 3D-printed models in dental laboratories is also on the rise and therefore, the recent launch of the Rapid Shape P50 3D printer, a high-volume, high-intensity printing device, started well.

Orthodontics further strengthened its offering

In July, the latest version of the ClearPilot treatment planning software, ClearPilot 4.0, and the ClearCorrect Clinic App were released. ClearPilot 4.0 further expands the clinical features portfolio with the introduction of bite ramps, helping doctors to treat deep bites and cross bites in addition to a wide variety of other clinical cases with ClearCorrect aligners, including Class II malocclusions. In addition, this version enhances the creation of more effective and customized treatment plans with new tools, such as augmented 3D controls for aligner customization. The ClearCorrect Clinic App is a new guided educational tool designed to reduce chair time and increase patient conversion. Available in 11 different languages, the app includes a case assessment function, malocclusion education, patient educational videos, and a guided in-app tutorial for patients.

Strengthening the doctor-led direct-to-consumer business by acquiring PlusDental

The Straumann Group has signed an agreement to fully acquire PlusDental, a provider of orthodontic treatment solutions in Europe. The acquisition will accelerate the international expansion and footprint in the doctor-led consumer orthodontics segment through added market coverage in countries including the Netherlands and Sweden.

Straumann Group plans to achieve net-zero carbon emissions by 2040

In 2021, the Board of Directors established an ESG task force to define the Group's sustainability framework, set goals for the various commitments within the framework and signed the Science Based Targets initiative (SBTi). This includes reducing scope 1,2 and 3 emissions in line with climate science. In August, the company set its goal to achieve net-zero carbon emissions by 2040 and will submit the targets for validation to the SBTi.

Peter Hackel, CFO, leaves the company after eight years of service

Peter Hackel, Chief Financial Officer of Straumann Group, has decided to leave the company by January next year to pursue other career opportunities. He re-joined the company as CFO in 2014. Since then, he successfully supported the company development throughout its growth journey and various financial challenges including the recent COVID pandemic. During his tenure, Straumann Group has maintained its position as the global leader in implant dentistry, expanded into orthodontics and entered the field of consumer presence. In addition, Peter led the development of the sustainability framework which is part of the company strategy.

Straumann Group CEO Guillaume Daniellot commented, “Peter Hackel has served Straumann with passion and devotion. The company has benefited significantly over the past years from his expertise and skills. He has always been a strong ambassador for our culture and sustainability journey. On behalf of the Executive Management Board and everyone at Straumann Group, I would like to thank Peter for his very valuable contributions and wish him all the best for the future”.

The search for a new CFO is under way.

The Board of Directors will propose the election of Olivier Filliol at the AGM in 2023

After thirteen years of service as a Member of the Board and Vice-Chairman since 2020, Beat Lüthi has decided not to stand for re-election at the next Annual General Meeting. Beat Lüthi joined the Board of Directors in 2010 and led the Audit and Risk Committee for several years. Since 2019 he has chaired the Human Resources and Compensation Committee.

The Board of Directors will propose the election of Olivier Filliol as a new Board Member at the next Annual General Meeting of the shareholders in 2023. At Mettler-Toledo International Inc. – a leading manufacturer and marketer of precision instruments for laboratory and industrial applications – Olivier Filliol served as President and Chief Executive Officer from 2008 to 2021. He has also been a Member of the Board of Directors at Mettler-Toledo since 2009, a Member of the Board of Givaudan S.A. since 2020 and is an active investment partner in more than 20 venture capital funded startups, with a focus on the life science tools, MedTech and digital tech spaces.

Olivier Filliol is Swiss and was born in 1967. He holds a Master’s degree and a Ph.D. in Business Administration from the University of St. Gallen, Switzerland, and has completed executive education at the Business School of Stanford University.

The Group will benefit from Olivier’s expertise, entrepreneurship and corporate experience, which make him a valuable contributor to strategic as well as operational matters. His experiences as a CEO and as a Board Member are of further benefit. As a new non-executive and independent Board Member, the election of Olivier Filliol will further contribute to the balance of competencies and the independence of the board.

REGIONAL PERFORMANCES IN THE SECOND QUARTER

Europe, Middle East and Africa region remains leading revenue contributor

The EMEA region remained the Group’s largest revenue contributor and reported strong revenue growth of CHF 259 million or 21% in the second quarter compared to the same quarter in 2021. Overall growth in the region was driven by Germany, Turkey, and Iberia. Premium and challenger implant sales remained high, and the digital business was remarkably successful, mainly driven by intraoral scanners. In addition, the fast-growing Dental Service Organization business helped increase revenues in the region. The DrSmile and ClearCorrect orthodontics business strongly contributed to growth in EMEA.

North America solid growth with digital innovation enhancing customer experience

The North America region reported revenue of CHF 172 million showing a solid 8% growth in the second quarter. This is in contrast to last year's exceptionally high growth rate which was influenced by the COVID comparison effect. Macro-economic effects such as inflation started to have an impact on patient flow and on the demand for clear aligners. The implant business continues to be the main growth driver, led by the Straumann and Neodent brands. The digital solutions business grew strongly with intraoral scanners remaining the largest growth contributor. In the second quarter, Straumann Group successfully introduced the new Straumann AXS customer platform which aims to unite existing and new digital service solutions.

Asia Pacific region growth impacted by local lockdowns

In the second quarter of 2022, the Asia Pacific region achieved revenue of CHF 112 million or 5.9% organic revenue growth compared to the same period in 2021. Japan and Australia performed strongly and India doubled its business. The pandemic lockdowns heavily impacted growth in China, however, pent-up demand resulted in an increased performance in June, following the bounce-back when restrictions were lifted. Digital Solutions and implantology, premium as well as challenger, grew successfully. During the quarter, the Anthogyr challenger brand has been successfully launched in South Korea. A new subsidiary has been established in Vietnam and the opening of the office in Malaysia as well as a second office in India were highlights of the second quarter.

Latin America growth remains strong

In the second quarter of 2022, the business in Latin America grew to CHF 47 million, up by 40% on the base quarter in 2021. Brazil remains the biggest revenue contributor in Latin America and showed a strong growth performance similar to the preceding quarter, with robust demand, notably for Neodent. The region continues to grow market share, onboarding new customers through nationwide educational events and patient marketing activities. The youngest subsidiary in the region, Peru, grew strongly as did Mexico, which is leading with its growth in the established markets. Digital solutions are performing very well, with the Virtuo Vivo intraoral scanner gaining momentum. In addition, the orthodontics business is contributing well to the regional performance.

REVENUE BY REGION	Q2 2022	Q2 2021	H1 2022	H1 2021
in CHF million				
Europe, Middle East & Africa (EMEA)	259.0	229.6	526.2	443.8
Change CHF	12.9%	117.2%	18.6%	65.7%
Change w/out FX	21%	113.9%	26.8%	65.4%
Change organic	21%	101.5%	26.8%	57.0%
% of Group total	43.9	44.5%	44.7%	45.0%
North America	172.1	152.1	342.2	290.1
Change CHF	13.0%	124.8%	17.9%	58.3%
Change w/out FX	8.0%	135.2%	14.0%	67.3%
Change organic	8.0%	135.2%	14.0%	67.3%
% of Group total	29.2%	29.5%	29.0%	29.4%
Asia Pacific	111.5	102.8	223.8	195.1
Change CHF	8.5%	63.2%	14.8%	67.4%
Change w/out FX	9.9%	62.8%	15.4%	68.1%
Change organic	5.9%	62.8%	11.8%	68.1%
% of Group total	18.9%	19.9%	19.0%	19.8%
Latin America	46.8	31.3	86.1	56.5
Change CHF	49.5%	174.4%	52.4%	51.0%
Change w/out FX	40.3%	163.6%	44.0%	75.3%
Change organic	40.3%	163.6%	44.0%	75.3%
% of Group total	7.9%	6.1%	7.3%	5.7%
GROUP	589.4	515.7	1 178.3	985.5
Change CHF	14.3%	108.2%	19.6%	62.9%
Change w/out FX	16.0%	108.8%	21.6%	67.1%
Change organic	15.1%	103.3%	20.8%	63.1%

OPERATIONS AND FINANCES

To facilitate a like-for-like comparison, the Group presents 'core' results in addition to the results reported under IFRS. In the first six months of 2022, the following effects (after tax) were defined as non-core items:

- The amortization of acquisition-related intangible assets amounting to CHF 5 million.

A reconciliation table and detailed information are provided on pages 12ff of this media release.

Gross profit margin remains at high level, almost reaching 2021 level

In the first six months of 2022, the Group's strong topline growth led to a core gross profit of CHF 896 million which is a CHF 144 million increase in absolute terms. The corresponding margin of 76% remains very high despite the changing portfolio mix and a slight decrease of 30 basis points due to a negative currency effect compared to 2021.

Core EBIT margin at 27.9%

The core operating result (EBIT) amounted to CHF 329 million, which is an increase of CHF 45 million. The core EBIT margin reached 27.9%, which is 90 basis points below the same

period in the prior year. Compared to pre-pandemic margins in the first half of 2019, this represents a 50 basis points increase. Currency fluctuations, mainly driven by the weakening of the Euro, had a negative impact of 60 basis points on the core EBIT margin.

Core distribution expenses rose by CHF 24 million to CHF 210 million in 2022. This includes direct sales-force expenses and logistics costs. Core administrative expenses increased by CHF 74 million to CHF 358 million. This includes research, development, general overhead and marketing costs, especially from the direct-to-consumer business.

Core net profit grew by more than CHF 41 million

Core net financial expenses decreased by CHF 3 million to CHF 7 million. This mainly reflects a favorable currency valuation result, which compensated for higher interest expenses. Income taxes amounted to CHF 52 million, which represents an increase of CHF 6 million. Core net profit reached CHF 269 million, resulting in a margin of 23%. Core basic earnings per share increased from CHF 1.42 to CHF 1.69.

Free cash flow reaches CHF 78 million

Cash flow from operations amounted to CHF 165 million. Net working capital increased by CHF 168 million compared to year-end 2021 due to increased short-term receivables, higher tax payments and inventories. In the first six months of 2022, days of sales outstanding increased by 10 to 58 compared to end of 2021 or four days higher compared to last year's first half. Days of supplies increased by 12 to 179 since the beginning of the year, which was the same level as in the first half of 2021.

Capital expenditure in the first six months increased by CHF 40 million to CHF 88 million compared to the previous year, mainly driven by the Group's production expansion initiatives.

The cash position on 30 June 2022 remained strong, at CHF 735 million.

OUTLOOK 2022 (BARRING UNFORESEEN CIRCUMSTANCES)

Straumann Group confirms the full-year guidance despite the uncertainties in the macro-economic environment and COVID. The Group will seek to anticipate and mitigate supply chain disruption, inflationary and geopolitical developments and their potential impacts. With its strategy and high-performing team in place, organic revenue growth is expected in the low double-digit percentage range and profitability is expected around 26%, including major growth investments.

About Straumann Group

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 replacement, corrective and digital dentistry, including Anthogyr, ClearCorrect, Dental Wings, Medentika, Neodent, NUVO, Straumann and other fully/partly owned companies and partners. In collaboration with leading clinics, institutes and universities, the Group researches, develops, manufactures and supplies dental implants, instruments, CAD/CAM 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 9500 people worldwide. Its products, solutions and services are available in more than 100 countries through a broad network of distribution subsidiaries and partners.

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ANALYSTS' AND MEDIA CONFERENCE CALL

Straumann will present its 2022 second-quarter results to representatives of the financial community and media in a webcast telephone conference call today at 10.30 a.m. Swiss time.

The webcast can be accessed via www.straumann-group.com/webcast. A replay of the webcast will be available after the conference.

If you intend to ask a question during the Q&A, we kindly ask you to pre-register for the conference call through this link "[Conference call](#)". We also recommend that you download the presentation file in advance using the direct link in this media release before joining the conference call.

Presentation

The conference presentation slides are attached to this release and available on the Media and Investors pages at www.straumann-group.com.

UPCOMING CORPORATE / INVESTOR EVENTS

2022	Event	Location
7 September	J.P. Morgan CEO Call 2022	Virtual
8 September	UBS Best of Switzerland Conference	Wolfsberg, Switzerland
12-13 September	BofA Roadshow North America	Miami, New York
15 September	BofA Global Health Conference	London
2 November	Third-quarter results	
4 November	ZKB Equity Conference	Zurich
8-10 November	J.P. Morgan Roadshow North America	Chicago, Toronto, Montreal
16 November	CS Equity Forum Switzerland	Zurich
9 December	Mirabaud Roadshow	Geneva

Disclaimer

This release contains forward-looking statements that reflect the current views of management, and which are subject to known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements of the Straumann Group to differ materially from those expressed or implied in this document. Statements are made on the basis of management's views and assumptions regarding future events and business performance at the time the statements are made. They are subject to risks and uncertainties including, but not confined to, future global economic conditions, pandemics, exchange rates, legal provisions, market conditions, activities by competitors and other factors outside Straumann's control. Should one or more of these risks or uncertainties materialize or should underlying assumptions prove incorrect, actual outcomes may vary materially from those forecasted or expected. Straumann is providing the information in this release as of this date and does not undertake any obligation to update any statements contained in it as a result of new information, future events or otherwise. This release constitutes neither an offer to sell nor a solicitation to buy any securities.

Interim selected financial information

OPERATING PERFORMANCE

(in CHF million)	H1, 2022	H1, 2021
Revenue	1 178.3	985.5
Change in %	19.6	62.9
Gross profit	895.7	751.6
Margin in %	76.0	76.3
Operating result before depreciation and amortization (EBITDA)	381.7	332.6
Margin in %	32.4	33.7
Change in %	14.8	168.3
Operating result (EBIT)	323.9	278.6
Margin in %	27.5	28.3
Change in %	16.3	477.5
Net result	265.3	174.6
Margin in %	22.5	17.7
Change in %	51.9	286.4
Basic earnings per share (in CHF)	1.67	1.09

FINANCIAL PERFORMANCE

(in CHF million)	H1, 2022	H1, 2021
Cash and cash equivalents	734.8	725.4
Net working capital (net of cash)	292.1	202.8
Net cash (net debt)	244.7	217.0
Inventories	296.4	239.5
Days of supplies	179	179
Trade receivables	379.1	307.1
Days of sales outstanding	58	54
Balance sheet total	3 186.7	2 817.4
Return on assets in % (ROA)	16.3	13.9
Equity	1 750.2	1 369.4
Equity ratio in %	54.9	48.6
Return on equity in % (ROE)	31.4	29.2
Capital employed	1 512.4	1 228.6
Return on capital employed in % (ROCE)	44.7	40.8
Cash from operating activities	165.4	256.7
in % of revenue	14.0	26.0
Investments	(172.7)	(67.7)
in % of revenue	14.7	5.9
thereof capital expenditures	(88.0)	(48.5)
thereof associates related	(56.3)	0.1
thereof contingent consideration related	(3.1)	(17.6)
thereof business combination related	(25.2)	(16)
Free cash flow	78.1	210.2
in % of revenue	6.6	21.3
Dividend	107.4	91.4

Alternative Performance Measures

The financial information in this first-half report includes certain Alternative Performance Measures (APMs), which are not accounting measures defined by IFRS.

CORE FINANCIAL MEASURES are non-IFRS financial measures because they cannot be derived directly from Group consolidated financial statements. Management believes that these non-IFRS financial measures, when provided in combination with reported results, 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 non-IFRS financial measures are not a substitute for, or superior to, financial measures prepared in accordance with IFRS. 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 demand, or damage that impacts the asset.
- Restructuring: One-off costs resulting from major restructuring exercises.
- 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. In H1 2021, the Group increased its estimate on the contingent consideration payable to the sellers of DrSmile by CHF 49.0 million.

A reconciliation of IFRS 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 KPIs are based on IFRS 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, which are calculated using a simulation by reconsolidating the prior period revenues with the current year currency exchange rates.

NET CASH (NET DEBT)

Net cash (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 (excl. 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 the balance sheet date, and the denominator are 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 the balance sheet date and the denominator is the '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 twelve 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 sale of non-current assets.

CORE RESULTS RECONCILIATION H1, 2022

H1, 2022 (in CHF 1 000)	IFRS	PPA amortization	Impairments	Restructuring	Other	CORE
Revenue	1 178 339					1 178 339
Cost of goods sold	(282 677)	67				(282 609)
Gross profit	895 663	67				895 730
Other income	1 702					1 702
Distribution expense	(213 576)	3 469				(210 108)
Administrative expense	(359 893)	1 674				(358 219)
Operating result	323 896	5 210				329 105
Finance income	61 039					61 039
Finance expense	(67 668)					(67 668)
Share of result of associates	(1 578)					(1 578)
Result before income tax	315 689	5 210				320 898
Income tax	(50 423)	(1 444)				(51 867)
NET RESULT	265 266	3 766				269 032
Attributable to:						
Shareholders of the parent company	265 403	3 713				269 116
Non-controlling interests	(137)	53				(84)
Basic earnings per share (in CHF)	1.67					1.69
Diluted earnings per share (in CHF)	1.66					1.69
Operating result	323 896	5 210				329 105
Depreciation & amortization	57 826	(5 210)				52 616
EBITDA	381 721					381 721

CORE RESULTS RECONCILIATION H1, 2021

H1, 2021 (in CHF 1 000)	IFRS	PPA amortization	Impairments	Restructuring	Other	CORE
Revenue	985 487					985 487
Cost of goods sold	(233 909)	72				(233 837)
Gross profit	751 579	72				751 650
Other income	2 379					2 379
Distribution expense	(190 403)	4 189				(186 214)
Administrative expense	(284 947)	1 093				(283 854)
Operating result	278 608	5 354				283 962
Finance income	54 306					54 306
Finance expense	(112 886)				48 951	(63 935)
Share of result of associates	(1 000)					(1 000)
Result before income tax	219 027	5 354			48 951	273 333
Income tax	(44 391)	(1 501)				(45 892)
NET RESULT	174 636	3 853			48 951	227 441
Attributable to:						
Shareholders of the parent company	172 839	3 758			48 951	225 547
Non-controlling interests	1 798	96				1 893
Basic earnings per share (in CHF)	1.09					1.42
Diluted earnings per share (in CHF)	1.08					1.41
Operating result	278 608	5 354				283 962
Depreciation & amortization	53 964	(5 354)				48 610
EBITDA	332 571					332 571

Interim condensed consolidated statement of financial position

ASSETS

(in CHF 1000)	30 Jun 2022	31 Dec 2021
Property, plant and equipment	405 657	357 546
Right-of-use assets	232 000	221 324
Intangible assets	701 761	638 887
Investments in associates	148 452	98 183
Financial assets	37 076	31 186
Other receivables	17 491	16 430
Deferred income tax assets	99 553	75 809
Total non-current assets	1 641 990	1 439 366
Inventories	296 371	249 227
Trade and other receivables	495 182	380 607
Financial assets	2 848	2 351
Income tax receivables	15 530	16 064
Cash and cash equivalents	734 801	880 423
Total current assets	1 544 733	1 528 672
TOTAL ASSETS	3 186 723	2 968 038

EQUITY AND LIABILITIES

(in CHF 1000)	30 Jun 2022	31 Dec 2021
Share capital	1 594	1 592
Retained earnings and reserves	1 746 293	1 493 808
Total equity attributable to the shareholders of the parent company	1 747 887	1 495 400
Non-controlling interests	2 350	5 048
Total equity	1 750 237	1 500 448
Other liabilities	95 827	85 590
Income tax liabilities	12 612	12 612
Financial liabilities	696 764	690 299
Provisions	23 988	23 681
Retirement benefit obligations	4 126	61 739
Deferred income tax liabilities	59 532	31 040
Total non-current liabilities	892 849	904 962
Trade and other payables	449 707	439 725
Financial liabilities	28 641	40 751
Income tax liabilities	55 924	73 616
Provisions	9 364	8 535
Total current liabilities	543 636	562 628
Total liabilities	1 436 485	1 467 590
TOTAL EQUITY AND LIABILITIES	3 186 723	2 968 038

Interim condensed consolidated income statement

(in CHF 1000)	H1, 2022	H1, 2021
Revenue	1 178 339	985 487
Cost of goods sold	(282 677)	(233 909)
Gross profit	895 663	751 579
Other income	1 702	2 379
Distribution expense	(213 576)	(190 403)
Administrative expense	(359 893)	(284 947)
Operating result	323 896	278 608
Finance income	61 039	54 306
Finance expense	(67 668)	(112 886)
Share of result of associates	(1 578)	(1 000)
Result before income tax	315 689	219 027
Income tax	(50 423)	(44 391)
NET RESULT	265 266	174 636
Attributable to:		
Shareholders of the parent company	265 403	172 839
Non-controlling interests	(137)	1 798
Basic earnings per share attributable to ordinary shareholders of the parent company (in CHF) ¹	1.67	1.09
Diluted earnings per share attributable to ordinary shareholders of the parent company (in CHF) ¹	1.66	1.08

¹ Prior year basic and diluted earnings per share have been adjusted due to the share split in H1 2022 (Note 8)

Interim condensed consolidated statement of comprehensive income

(in CHF 1000)	H1, 2022	H1, 2021
Net result	265 266	174 636
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Net foreign exchange result on net investment loans	(7 970)	18 149
Share of other comprehensive income/(loss) of associates accounted for using the equity method	(4)	0
Exchange differences on translation of foreign operations	24 692	32 599
Income tax effect	39	(205)
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods	16 758	50 543
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	10 211	9 209
Remeasurements of retirement benefit obligations	58 570	9 749
Income tax effect	(6 450)	(1 075)
Other comprehensive income/(loss) not to be reclassified to profit or loss in subsequent periods	62 331	17 883
Other comprehensive income/(loss), net of tax	79 089	68 425
TOTAL COMPREHENSIVE INCOME/(LOSS), NET OF TAX	344 355	243 062
Attributable to:		
Shareholders of the parent company	345 089	241 018
Non-controlling interests	(734)	2 044

Interim condensed consolidated cash flow statement

(in CHF 1000)	H1, 2022	H1, 2021
Net result	265 266	174 636
Adjustments for:		
Income tax	50 423	44 391
Net interest result	7 801	7 217
Financial impairment result	0	878
Share of result of associates	1 578	1 000
Share-based payments expense	7 460	4 043
Other non-cash items ¹	(4 425)	1 949
Depreciation and amortization ¹	57 805	53 951
Impairment ¹	54	0
Change in provisions, retirement benefit obligations and other liabilities	(1 221)	54 407
Change in long-term assets	(40)	(1 757)
Working capital adjustments:		
Change in inventories	(38 987)	(11 301)
Change in trade and other receivables	(107 292)	(85 629)
Change in trade and other payables	7 746	62 447
Interest paid on lease liabilities	(3 544)	(3 493)
Interest paid	(1 637)	(943)
Interest received	2 140	904
Income tax paid	(77 764)	(46 032)
Cash flows from operating activities	165 365	256 670

¹ Prior year's figures have been adapted to the current year grouping

Interim condensed consolidated cash flow statement

(in CHF 1000)	HI, 2022	HI, 2021
Purchase of financial assets	(1 476)	(3 435)
Proceeds from sale of financial assets	1 763	586
Purchase of property, plant and equipment	(69 909)	(41 791)
Purchase of intangible assets	(18 114)	(6 699)
Purchase of investments in associates	(56 338)	(1 631)
Acquisition of a business, net of cash acquired	(25 244)	65
Contingent consideration paid	(2 666)	(8 105)
Proceeds from loans	4 448	0
Disbursement of loans	(887)	(1130)
Dividends received from associates	1 232	1 641
Net proceeds from sale of non-current assets	780	1 994
Cash flows from investing activities	(166 409)	(58 506)
Purchase of non-controlling interests	(13 955)	(8 343)
Repayment of non-current financial debts	(5 314)	(2 719)
(Repayment)/Increase in non-current financial debts	(95)	1 337
(Repayment)/Increase of current financial debts	(106)	144
Dividends paid to the equity holders of the parent	(107 432)	(91 381)
Dividends paid to non-controlling interests	(292)	(1 149)
Payment of lease liabilities	(16 872)	(13 403)
Sale of treasury shares	8 956	7 581
Purchase of treasury shares	(3 065)	(3 503)
Cash flows from financing activities	(138 175)	(111 437)
Exchange rate differences on cash held	(6 402)	6 449
Net change in cash and cash equivalents	(145 622)	93 177
Cash and cash equivalents at 1 January	880 423	632 201
CASH AND CASH EQUIVALENTS AT 30 JUNE	734 801	725 378

Interim condensed consolidated statement of changes in equity

H1, 2022 (in CHF 1000)	Attributable to the shareholders of the parent company						Non-controlling interests	Total equity
	Share capital	Share premium	Treasury shares	Translation reserves	Retained earnings	Total		
At 1 January 2022	1 592	70 567	(5 462)	(415 118)	1 843 821	1 495 400	5 048	1 500 448
Net result					265 403	265 403	(137)	265 266
Other comprehensive income/(loss)				17 320	62 366	79 686	(597)	79 089
Total comprehensive income/(loss)	0	0	0	17 320	327 769	345 089	(734)	344 355
Issue of share capital	2	31 445			(31 447)	0		0
Dividends to equity holders of the parent					(107 432)	(107 432)		(107 432)
Dividends to non-controlling interests						0	(292)	(292)
Share-based payment transactions					7 535	7 535		7 535
Purchase of treasury shares			(3 065)			(3 065)		(3 065)
Usage of treasury shares			597		8 358	8 956		8 956
Put options to non-controlling interests					1 404	1 404	(1 672)	(268)
AT 30 JUNE 2022	1 594	102 012	(7 930)	(397 798)	2 050 008	1 747 887	2 350	1 750 237

H1, 2021 (in CHF 1000)	Attributable to the shareholders of the parent company						Non-controlling interests	Total equity
	Share capital	Share premium	Treasury shares	Translation reserves	Retained earnings	Total		
At 1 January 2021	1 591	52 599	(11 070)	(374 875)	1 536 490	1 204 734	5 209	1 209 943
Net result					172 839	172 839	1 798	174 636
Other comprehensive income/(loss)				50 502	17 677	68 179	246	68 425
Total comprehensive income/(loss)	0	0	0	50 502	190 516	241 018	2 044	243 062
Issue of share capital	1	17 969			(17 970)	0		0
Dividends to equity holders of the parent					(91 381)	(91 381)		(91 381)
Dividends to non-controlling interests						0	(1 149)	(1 149)
Share-based payment transactions					6 754	6 754		6 754
Purchase of treasury shares			(3 503)			(3 503)		(3 503)
Usage of treasury shares			8 644		(1 063)	7 581		7 581
Put options to non-controlling interests					(829)	(829)	(1 035)	(1 865)
AT 30 JUNE 2021	1 592	70 567	(5 928)	(324 373)	1 622 516	1 364 374	5 068	1 369 443

Notes to the interim condensed consolidated financial statements

1 CORPORATE INFORMATION

Straumann Holding AG is a public company incorporated and domiciled in Switzerland, whose shares are publicly traded on the SIX Swiss Exchange. The unaudited interim condensed consolidated financial statements of the Straumann Group for the six months ending 30 June 2022 were authorized for issue in accordance with a resolution of the Board of Directors on 11 August 2022.

2 BASIS OF PREPARATION, ACCOUNTING POLICIES AND SIGNIFICANT EVENTS

BASIS OF PREPARATION

The interim condensed consolidated financial statements for the six months ending 30 June 2022 have been prepared in accordance with IAS 34 'Interim Financial Reporting'. They provide an update of previously reported information and should be read in conjunction with the Group's annual financial statements as at 31 December 2021. All values disclosed are rounded to the nearest thousand except where otherwise indicated.

The preparation of consolidated financial statements under IFRS requires Management to make estimates and assumptions that affect the reported amounts. Because of the inherent uncertainties, actual outcomes and results may differ from these estimates and assumptions.

CHANGES TO THE GROUP'S ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2021, except for the adoption of new standards effective as of 1 January 2022. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Several amendments apply for the first time in 2022, but do not have an impact on the interim condensed consolidated financial statements of the Group.

COVID-19 PANDEMIC AND GEOPOLITICAL ENVIRONMENT

COVID-19 and recent geopolitical events have impacted the economy and financial markets. Many industries are facing challenges, including supply-chain disruption, inflation, deteriorating credit and liquidity concerns. Most notably, the Group's half-year operational performance was affected by Covid-related restrictions in China. Russia's invasion in Ukraine did not lead to material impacts recognized in these interim condensed consolidated financial statements since the Group's exposure to Russia and Ukraine is limited.

3 DISAGGREGATED REVENUE FROM CONTRACTS WITH CUSTOMERS

The Group derives revenue from contracts with customers in the geographical regions, disclosed in Note 4.

4 SEGMENT INFORMATION

Operating segments requiring to be reported are determined based on the management approach. Accordingly, external segment reporting reflects the internal organizational and management structure used within the Group as well as the internal financial reporting to the Chief Operating Decision Maker (CODM), which has been identified as the Executive Management Board (EMB). The EMB is responsible for the operational management of the Group, in line with the instructions issued by the Board of Directors. It is also responsible for global strategy and stakeholder management.

The reporting segments are presented in a manner consistent with the internal reporting to the CODM. The centralized headquarter support functions (e.g. finance, information technology, human resources) as well as the functions 'Customer Solutions & Education' and 'Research & Development' are not operating segments, as they do not earn separate revenues. These functions are grouped in the column 'Not allocated items'.

SALES WESTERN EUROPE

'Sales WE' comprises the Group's distribution businesses in Scandinavia, the UK, France, the Benelux countries, Iberia and Italy. The segment further includes the implant-borne prosthetics business of Createch as well as Anthogyr manufacturing plants, a French company that develops and manufactures dental-implant systems and CAD/CAM solutions. It includes segment-related management functions located inside and outside Switzerland.

SALES CENTRAL EASTERN EUROPE, MIDDLE EAST AND AFRICA

'Sales CEEMEA' comprises the Group's distribution businesses mainly in Germany, Switzerland, Austria, Hungary, the Czech Republic, Russia, Turkey, Croatia, Jordan and South Africa, as well as the business with European, African and Middle Eastern distributors. It also includes Medentika's manufacturing plant in Germany, which produces implants and prosthetic components. The segment also incorporates DrSmile, a leading provider of

clinician-led clear-aligner treatment solutions headquartered in Germany. It includes segment-related management functions located inside and outside Switzerland.

SALES NORTH AMERICA

'Sales NAM' comprises the Group's distribution businesses in the United States and Canada. It also includes ClearCorrect's clear-aligner development and production activities in the United States and the us-based Bay Materials, a company specializing in the design, development and supply of high-performance thermoplastics for orthodontics applications. The segment also incorporates Dental Wing's development and production activities in Canada. It includes segment-related management functions located inside and outside Switzerland.

SALES ASIA PACIFIC

'Sales APAC' comprises the Group's distribution businesses in the Asia Pacific region, as well as the business with Asian distributors. It further incorporates the business of T-Plus, a Taiwanese company that develops and manufactures dental-implant systems with distribution channels in Taiwan and China. The segment also incorporates the recently acquired Nihon, a Japanese provider of implant referral services. It includes segment-related management functions located inside and outside Switzerland.

SALES LATIN AMERICA

'Sales LATAM' comprises the Group's distribution businesses in Middle and South America as well as the business with Latin American distributors. It contains Neodent's manufacturing plants in Brazil (which produce implants, biomaterials, CAD/CAM products and the clear-aligners). The segment also incorporates Yllor Biomaterials, a Brazilian company specialized in developing and manufacturing high-tech materials for 3D-printing and Smilink, a provider of orthodontics solutions in Brazil. It includes segment-related management functions located inside and outside Switzerland.

OPERATIONS

'Operations' acts as the principal towards all distribution businesses of the Group. It includes the principal production sites for implant components and instruments in Switzerland and the United States, the CAD/CAM milling centers in Germany, Japan and the United States and the production site in Sweden for biomaterials and sterile packed products. The segment also incorporates all corporate logistics functions. It does not include the manufacturing sites of Neodent, Medentika, ClearCorrect, Dental Wings, Createch, T-Plus, Anthogyr, Bay Materials and Yllor Biomaterials.

INFORMATION ABOUT PROFIT OR LOSS AND ASSETS

The following tables present revenue and profit information regarding the Group's operating segments for the six months ended 30 June 2022 and 2021, respectively.

H1, 2022 (in CHF 1000)	Sales WE	Sales CEEMEA	Sales NAM	Sales APAC	Sales LATAM	Operations	Not Allocated Items	Eliminations	Group
Revenue third party	242 429	283 916	348 262	217 827	85 905	0	0	0	1 178 339
Revenue inter-segment	13 666	42 717	43 254	156	20 746	635 310	0	(755 849)	0
Total revenue	256 095	326 633	391 516	217 983	106 651	635 310	0	(755 849)	1 178 339
Operating result	(1 269)	45 534	11 126	2 962	13 595	419 855	(99 201)	(68 706)	323 896
Financial result									(6 629)
Share of result of associates									(1 578)
Income tax									(50 423)
NET RESULT									265 266

H1, 2021 (in CHF 1000)	Sales WE	Sales CEEMEA	Sales NAM	Sales APAC	Sales LATAM	Operations	Not Allocated Items	Eliminations	Group
Revenue third party	193 282	250 275	301 045	184 667	56 217	0	0	0	985 487
Revenue inter-segment	13 153	46 001	7 425	0	13 166	506 872	0	(586 617)	0
Total revenue	206 435	296 276	308 470	184 667	69 383	506 872	0	(586 617)	985 487
Operating result	(7 709)	49 882	(9 110)	(2 070)	633	365 098	(102 820)	(15 297)	278 608
Financial result									(58 580)
Share of result of associates									(1 000)
Income tax									(44 391)
NET RESULT									174 636

Transactions between the segments are eliminated in the course of consolidation and the eliminated amounts are shown under '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.

The following tables' present segment assets of the Group's operating segments at 30 June 2022 and 31 December 2021:

at 30 Jun 2022 (in CHF 1000)	Sales WE	Sales CEEMEA	Sales NAM	Sales APAC	Sales LATAM	Operations	Not Allocated Items	Eliminations	Group
Segment assets	296 596	545 112	431 932	258 443	410 987	600 680	196 627	(576 384)	2 163 993
Unallocated assets									1 022 730
Group									3 186 723

at 31 Dec 2021 (in CHF 1000)	Sales WE	Sales CEEMEA	Sales NAM	Sales APAC	Sales LATAM	Operations	Not Allocated Items	Eliminations	Group
Segment assets	283 461	494 043	396 672	192 755	312 446	516 045	161 530	(476 867)	1 880 085
Unallocated assets									1 087 953
Group									2 968 038

SEASONALITY OF OPERATIONS

The Group operates in industries where significant seasonal or cyclical variations in the total sales are not experienced during the financial year.

5 BUSINESS COMBINATION

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 considering the contractual obligation to purchase the remaining shares, those shares are accounted for as acquired.

The fair values of the identifiable assets and liabilities acquired were:

(in CHF 1000)	Fair Value
Property, plant and equipment	69
Right-of-use assets	4 196
Intangible assets:	
Brand	21 210
Distribution relationships	19 607
Other intangible assets	22
Deferred tax assets	2 943
Trade and other receivables	1 888
Cash and cash equivalents	5 119
Total assets	55 054
Financial liabilities	9 340
Deferred income tax liabilities	13 878
Trade and other payables	1 993
Total liabilities	25 211
TOTAL IDENTIFIABLE NET ASSETS AT FAIR VALUE	29 843
Goodwill	12 256
Consideration	42 099
Satisfied in cash	30 363
Contingent consideration	11 736
Consideration	42 099
Cash flow	
Net cash acquired	5 119
Cash paid	(30 363)
NET CASH INFLOW	(25 244)

At the date of the business combination, the fair values of trade receivables amounted to CHF 1.4 million. The fair values did not materially differ from the contractual gross amounts. Contingent consideration payments depend on the performance of the acquired businesses. At the balance-sheet date, the fair value of these financial liabilities collectively amounted to CHF 10.5 million.

Goodwill, which is not deductible for tax purposes, comprises intangible assets that are not separable such as expected synergy effects and employee know-how.

In the first six months of the year, the Group's revenues and net profit were not materially impacted by the Nihon business combination.

6 PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2022, the Group acquired assets with a cost of CHF 69.9 million (2021: CHF 41.8 million), excluding property, plant and equipment acquired through a business combination (see Note 5).

Assets with a net book value of CHF 0.7 million were disposed by the Group during the six months ended 30 June 2022 (2021: CHF 1.5 million).

7 INVESTMENT IN ASSOCIATES

GOOD METHODS GLOBAL INC.

On 28 February 2022, the Group acquired a 29.6% non-controlling stake in Good Methods Global Inc. (CareStack), an US-based company offering a cloud based dental software solution designed for dental practices. The purchase price amounted to CHF 53.7 million.

8 EQUITY

DIVIDENDS PAID

On 11 April 2022, Straumann Holding AG paid a dividend of CHF 6.75 (2021: CHF 5.75) per share to its shareholders. The total amount of the gross dividend paid was CHF 107.4 million (2021: CHF 91.4 million).

SHARE SPLIT

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 as at 5 April 2022. Hence, the par value of the shares decreased from CHF 0.10 to CHF 0.01 each. The calculation of basic and diluted earnings per share was performed using the weighted average of ordinary shares (excluding treasury shares) after share split as denominator for the current and comparative reporting period.

CAPITAL INCREASES

On 19 April 2022, conditional share capital was exercised to increase the share capital of Straumann Holding AG by 13 833 shares (before share split), or CHF 1 383.30 nominal value. The shares were used to serve vested performance share units as part of the share-based payment program 2019 – 2022. The fair value at vesting amounted to CHF 1 273.00 per share. On 29 April 2022, conditional share capital was exercised to increase the share capital of Straumann Holding AG by 103 219 shares (after share split), or CHF 1 032.19 nominal value. The shares were used to serve the employee share participation plan 2022. The fair value at vesting amounted to CHF 116.55 per share.

9 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 domestic bonds 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 relate 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 payables allocated to Level 3 hierarchy mainly include the contingent considerations in relation to the business combinations of DrSmile in Germany, Nihon in Japan, Medical Technologies 21 LLC in Russia, Digital Planning Service Private Limited in Pakistan and Bay Materials in the US. The fair value of the contingent consideration of DrSmile is based on revenue and profitability targets. The fair value of the contingent consideration of Nihon is based on profitability targets. The fair value of the contingent consideration of Medical Technologies 21

LLC is based on revenue targets. The fair value of the contingent consideration of Digital Planning Service is based on various company or product-related milestones. The fair value of the Bay Materials contingent consideration is based on a mix of profitability components and product-related milestones.

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 that have a significant effect on the recorded fair value are observable, either directly or indirectly
- Level 3: Techniques that predominantly use unobservable input data and which are not based on observable market data

At 30 June 2022 and 31 December 2021, the Group held the following financial instruments:

	30 Jun 2022					Fair value
	Amortized cost	Carrying amount (by measurement basis)			Total carrying amount	
		Level 1	Level 2	Level 3		
Financial assets						
Derivative financial assets			1 447		1 447	
Equity instruments		11 262		21 390	32 652	
Loans and other financial assets	5 825				5 825	
Trade receivables	379 063				379 063	
Other receivables	65 069				65 069	
Cash and cash equivalents	734 801				734 801	
Financial liabilities						
Straight bond	479 875				479 875	474 259
Derivative financial liabilities			469		469	
Put options to non-controlling interests				5 706	5 706	
Lease liabilities	235 255				235 255	
Other financial liabilities	4 101				4 101	
Trade payables	68 860				68 860	
Other payables	154 657			122 627	277 284	

	31 Dec 2021					Fair value
	Amortized cost	Carrying amount (by measurement basis)			Total carrying amount	
		Level 1	Level 2	Level 3		
Financial assets						
Derivative financial assets			1 075		1 075	
Equity instruments		1 016		21 303	22 319	
Loans and other financial receivables	10 142				10 142	
Trade receivables	287 269				287 269	
Other receivables	52 385				52 385	
Cash and cash equivalents	880 423				880 423	
Financial liabilities						
Straight bonds	479 841				479 841	489 564
Derivative financial liabilities			338		338	
Put options to non-controlling interests				19 394	19 394	
Lease liabilities	226 727				226 727	
Other financial liabilities	4 749				4 749	
Trade payables	74 832				74 832	
Other payables	143 529			112 591	256 120	

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

(in CHF 1000)	Financial assets	Financial liabilities
As at 1 January 2022	21 303	131 985
Transfer into Level 1	(12 088)	0
Additions	1 617	11 736
Remeasurement recognized in OCI	12 321	521
Remeasurement recognized in profit or loss	0	918
Remeasurement recognized in equity	0	267
Settlements	(1 763)	(17 095)
As at 30 June 2022	21 390	128 333

The 'Transfer into Level 1' with a fair value of CHF 12.1 million during the six-month period ending 30 June 2022 refers to an investment in equity shares of a medical device company. After four months of suspension, the shares resumed trading in an active market and current published price quotations are available. Hence, the fair value of this investment is categorized as Level 1 of the fair value hierarchy on 30 June 2022.

Additions to Level 3 financial liabilities relate to the contingent consideration payable in conjunction with the Nihon business combination. Settlement of Level 3 financial liabilities mainly relate to the contingent consideration payment in conjunction with the Bay Materials business combination (CHF 1.1 million) as well as to the purchase of non-controlling interests from the minority shareholders of Medentika (CHF 14.0 million).

Besides the transfer into Level 1 previously described, 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 during the six-month period ending 30 June 2022.

The significant unobservable inputs for material financial instruments within Level 3 of the fair value hierarchy and their quantitative sensitivity analysis at 30 June 2022 are as follows:

Instrument	Valuation technique	Significant unobservable input	Sensitivity of the input to fair value
Contingent Consideration DrSmile	Present value of the estimated redemption value	Revenue	500 base-point increase (decrease) in revenue would result in an increase (decrease) in fair value of CHF 3.9 million, resp. CHF –3.9 million (2021: CHF 3.9 million, resp. CHF –3.9 million)
		EBITDA	1000 base-point increase (decrease) in EBITDA would result in an increase (decrease) in fair value of CHF 1.1 million, resp. CHF –1.1 million (2021: CHF 1.1 million, resp. CHF –1.1 million)
		Interest rate	100 base-point increase (decrease) in the interest rate would result in a decrease (increase) in fair value of CHF –0.9 million, resp. CHF 0.9 million (2021: CHF –1.4 million, resp. CHF 1.4 million)

The fair value of the contingent consideration for DrSmile depends on the expected revenue and EBITDA achievement and the interest rate prevailing at the balance sheet date. As of 30 June 2022, the Group assesses that it is highly probable that DrSmile will achieve the targets due to expansion and the realization of synergies in the future. The fair value of the contingent consideration determined on 30 June 2022 amounts to CHF 88.1 million (2021: 90.2 million).

The Group did not disclose further sensitivity analysis at 30 June 2022 for the remaining Level 3 financial instruments, as their quantitative sensitivity is not material to the Group.

10 RETIREMENT BENEFIT OBLIGATIONS

COVID-19 and recent geopolitical events have had a significant impact on market fluctuations. Discount rates rose since 31 December 2021, while year-to-date equity and bond returns are negative. The Group remeasured the Swiss pension plan, that represents the most significant portion of the Group's total defined benefit obligation and plan assets, as of 30 June 2022.

The impact on the net retirement benefit obligations for the first six months of 2022 is an actuarial gain of CHF 58.6 million that has been recognized in the consolidated statement of comprehensive income.

11 EVENTS AFTER THE BALANCE SHEET DATE

SUNSHINE SMILE GMBH

On 1 July 2022, the Group acquired 100% of the issued shares in Sunshine Smile GmbH (PlusDental), a provider of orthodontic treatment solutions in Europe. The total cash consideration amounted to CHF 133.9 million.

The financial effects of this transaction are not recognized at 30 June 2022. The operating results, assets and liabilities of the acquired company will be consolidated as of 1 July 2022. On the date the Group obtained control over PlusDental, the Group's share of identifiable net assets has not yet been elaborated. Details of the assets taken over and the liabilities assumed, the future revenue and profit contribution of PlusDental and the effect on the cash flow for the Group are not disclosed, as the accounting for the transaction is still incomplete at the time these consolidated financial statements have been authorized for issue.

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