

# INTRODU

## INTRODUCTION

|                             |           |
|-----------------------------|-----------|
| Chairman and CEO letter     | <b>7</b>  |
| Welcome to Straumann Group  | <b>11</b> |
| Strategy in a global market | <b>14</b> |
| How we create value         | <b>22</b> |

## Dear Reader,

This year was an extraordinary year in many respects. We overcame the COVID-19 challenges from 2020, learned from them and excelled as a team and organization in 2021. Our culture has been key to our success for decades and this year's achievements pay testament to the performance that everyone puts in every day. The company has always strived to make people's lives better, to make a difference. Our motivation comes from the challenge of fulfilling our purpose: to unlock the potential of people's lives.

**We impacted 3.7 million smiles in 2021, helping to unlock the potential of people's lives.**



Gilbert Achermann, Chairman of the Board of Directors.

The very good start to 2021 continued throughout the year. Dental practices operated with robust patient flows. Pandemic-related restrictions, which were still limiting spending alternatives such as travel to a certain extent, left some consumers with more disposable income to spend on specialty dental treatments. Specifically, the first half of 2020, heavily impacted by the pandemic, represented a very low comparative period when contrasted with the first half of 2021. This partially explains the high growth rates across all regions. Strong growth was enhanced by our ability to adapt to the changing environment, paired with our innovative solutions. We successfully launched our tissue level implant TLX, further established our BLX implant, relaunched our digital solution Virtuo Vivo, launched the new orthodontics software ClearPilot and introduced our clear aligner material ClearQuartz in Europe. Overall in 2021, we gained market share by growing the current customer base, gaining new customers and expanding geographically. We believe our market share in implantology increased from approximately 27% in 2020 to approximately 29% in 2021, further establishing us as a leader in the industry.

On our way to this record result, impacting more than 3.7 million smiles in 2021, we also faced major challenges this year. Winter storms, floods in production sites and the significant impact of the pandemic on raw material supplies had implications for our business. Thanks to our operation and procurement teams, we successfully navigated these challenges, preventing major consequences for our customers.



Guillaume Daniellot, Chief Executive Officer.

**Our success is a testimony to what our people do every day.**

This result was only possible thanks to our people. Our strong company culture – our number one priority for the past few years – has emerged as our most important competitive advantage. It is a key enabler in our ability to perform and has helped us to drive strong growth by capturing opportunities and remaining resilient and proactive in challenging times. Our vibrant corporate culture energizes our colleagues, attracts new talent, increases loyalty and inspires us to create our future. Our employee engagement score of

80 in 2021 places the Group in the top 25% of companies worldwide (see p. 58).

## OUR PURPOSE, VISION, MISSION AND BELIEFS FURTHER DEFINED IN 2021

As our environment keeps changing at an ever-faster pace, we worked extensively to evolve the foundation of our company culture and our overall journey as a company. We sharpened our purpose and vision and clearly redefined our mission and beliefs, as they guide our day-to-day decisions and actions for the future (see p. 12, 14 ff.). Our purpose is to unlock the potential of people's lives as we envision a world where oral health is a source of confidence.

We will achieve this with our mission to be the most customer-focused and innovative oral care company in the world. We believe culture is at the heart of a successful company, defining how we do business. Our beliefs shape our behaviors, behavior drives culture and culture drives results, helping us to deliver on our promise to impact more smiles every year.

**We know what got us here, won't get us there.**

## EVOLVED STRATEGIC COMPASS TO ACHIEVE 10 MILLION SMILES PER YEAR

As a company, we underwent a comprehensive assessment involving internal and external stakeholders centering on the four Ps – People, Purpose, Planet and Performance. By identifying current market trends among customers, health consumers, product technologies and within the socio-political landscape we developed our evolved strategy. It will ensure we achieve our growth and revenue

ambition of CHF 5 billion and our goal to impact 10 million smiles per year by 2030.

The new strategy reflects three major shifts. First, we have to evolve from being product-centric to customer-centric, with more emphasis on services and solutions. Secondly, we are already on our way to shifting from an implant company to a digitally-powered oral care company – meaning that we'll undergo a digital transformation. And thirdly, the business environment is changing. We will evolve from a single-business model focus to a multiple-business model company in order to address different stakeholders, including health consumers. In summary, we will focus on culture, digital transformation and sustainability to enable the four strategic priorities of expanding implant leadership, becoming a leader in orthodontics, winning strategic target groups and building consumer presence (see p. 14 ff.). To strengthen our organization for our future journey, we continued to invest in building our capacity for innovation, expanding the business and enhancing our manufacturing capabilities this year.

## MAJOR INVESTMENTS FOR THE FUTURE POSITION THE GROUP FOR FUTURE INNOVATION

To maintain the momentum of driving disruptive innovation in implantology, we formed the Implantology Business Unit combining research and development (R&D) as well as marketing. It will allow us to tap into the full potential of our multi-brand implant strategy, increase our efficiency, focus even more on our customer obsession and further accelerate our speed to innovation. Our implantology pipeline includes the Neodent ZI as well as the Anthogyr X3 implants, which will both be launched in 2022. In addition, we invested in our future capacity for innovation. We acquired a 39% stake in mininavent to develop its technology with the

aim of providing a best-in-class platform for guided surgery. We believe that dynamic surgical navigation is the next step in the digitalization of dental surgery.

## DIGITAL AS A KEY DRIVER OF OUR TRANSFORMATION

On the digital side, we have made major progress in advancing our unified platform approach, with the aim to be at the forefront of providing an exceptional customer experience for dental workflows in orthodontics and implantology. We also became a founding partner of 3Shape Unite, a new open platform that provides simple and highly efficient access to services and solutions for clinicians and laboratories.

**We continued to invest in building our capacity for innovation.**

## STRENGTHENING FUTURE BUSINESS EXPANSION

The global market for clear aligners continues to offer strong growth opportunities and is increasingly driven by direct-to-consumer marketing and online service providers who offer treatment packages. In addition to DrSmile, a leading provider of doctor-led direct-to-consumer clear aligner treatment solutions in Europe, we acquired Smilink, one of the fastest-growing providers of orthodontics solutions in Brazil.

In December 2021, the Group signed an agreement to acquire a controlling stake in Nihon Implant, a leading dental implant treatment concierge in Japan. The acquisition supports the Group's strategic priority to build a consumer presence and helps expand access to healthcare consumers.

Furthermore, our newly established partnerships with Dental Service Organizations (DSOs) such as Western Dental and Aspen were instrumental and will further support our future growth.

### EDUCATION IS A KEY LEVER TO ADVANCE ORAL CARE FOR PATIENTS

With education still a key enabler to broadening access to treatment for patients worldwide, we heavily invested in our high-quality internal training programs and supported our most important partner – the International Team of Implantology (ITI). In orthodontics, we recently launched our Ortho Campus, a comprehensive collection of tools and curricula for professionals to ensure treatment success.

### EXPANDING OUR PRESENCE AROUND THE WORLD

While our implantology premium brand is already available in more than 100 countries, our value brands expanded. The Neodent brand was further established in the US and launched in Europe, meaning that it is now available in more than 80 countries. Our challenger brands Medentika and Anthogyr further established their presence, becoming available in more than 60 countries. Building on our long-term commitment, we extended our reach in China across our brands.

Geographical expansion has also been important for our orthodontics business. ClearCorrect is currently available in 46 countries and is due to be launched in eight further countries in 2022. It is manufactured in the US, Brazil and Europe. This means our production sites are close to where our solutions are available, giving us a competitive advantage as this speeds up delivery times. Expanding our footprint will further establish ClearCorrect as a global brand.

### INVESTMENTS TO ENHANCE OUR INNOVATION POWER AND MANUFACTURING CAPABILITIES

In 2021, we made the decision to invest more than CHF 300 million in our R&D and manufacturing facilities in the coming years. This will ensure we can meet existing and future demand, catering for our future growth and innovation capacity.

## We invest in R&D and manufacturing capabilities to ensure future innovation capacity and growth.

In the coming years, we will build our China Campus in Shanghai and a new Group Technology and Innovation Center in Arlesheim near Basel, Switzerland and further expand manufacturing in Villeret, Switzerland, Mansfield, US and Latin America.

### NEW SUSTAINABILITY FRAMEWORK

The Group brings lasting improvements to people's lives and its success is built upon acting sustainably – today and for future generations. For many decades, we have been building a sustainable business, creating long-lasting value for all stakeholders in a responsible manner. In March 2021, we established a sustainability task force at Board level. The goal was to define our sustainability targets, roadmap and deliverables by 2022 (see p. 43). Today, sustainability is a strategic priority and helps guide our company in terms of efficient use of resources and responsible business practices.

## Sustainability is a strategic priority. We want to become a role model for our industry.

It also helps us secure the best talent, strategically prioritize our community activities and engage with our stakeholders across the value chain. We exist to bring lasting improvements to people's lives and our success is built on our sustainability, which paves the way for us to become a role model for our industry. Our strong focus on sustainability is also the reason why we have chosen to have a more integrated reporting approach going forward.

The Sustainability Framework is built upon the commitments to Advancing oral care (see p. 45 ff.), Empowering people (see p. 57 ff.), Caring for the planet and society (see p. 62 ff.) and Acting with responsibility (see p. 76 ff.) to deliver on our purpose 'to unlock the potential of people's lives'. The major targets include: impacting 10 million smiles per year by 2030, providing 35% of educational activities in low- and middle-income countries, having 50% of leadership positions held by females by 2026, 100% renewable electricity by 2024 and to set a net zero carbon emissions target in 2022 (see p. 43).

Our commitment also encompassed over 30 charitable projects in 2021, offering dental care and humanitarian relief (see p. 71 ff.).

## COMMITTED TO CREATING SUSTAINABLE VALUE FOR OUR SHAREHOLDERS

For the first time, we broke through the CHF 2 billion turnover threshold and reached a market capitalization of over CHF 30 billion in 2021 (see p. 36) with healthy operating margins of 27.4% which were inflated by fewer than usual travel and marketing expenses. Investing in sustainable growth was our focus and it will remain so going forward.

Some changes will be made to the Board of Directors. Sebastian Burckhardt has decided not to stand for re-election. He has been a member of the board since 2002 and made outstanding contributions, bringing in his extensive knowledge in corporate law.

## It is our declared target to further strengthen the independence of the Board.

The Board of Directors will propose the election of Nadia Tarolli Schmidt as a new Board member at the Annual General Meeting of the shareholders on 5 April 2022. Nadia studied law at the University of Basel. She is a partner at the business law firm VISCHER AG with a special focus on finance, healthcare and life sciences. Straumann's Board of Directors will benefit from Nadia's expertise as an independent lawyer and her experience on several other corporate boards as well as in financial matters. As a new non-executive member, the election of Nadia will further contribute to the balance of the independence of the Board (see letter from Chairman on p. 90).

Based on the 2021 results, the Board of Directors proposes to increase the dividend to CHF 6.75 per share, payable on 11 April 2022. We intend to continue increasing the dividend in the future, subject to further good performance.

## LONG-TERM GROWTH AMBITION (BARRING UNFORESEEN CIRCUMSTANCES)

Considering the significant expansion of our business and geographical footprint, we are now operating in a potential CHF 18 billion market. In order to achieve the Group's ambition of CHF 5 billion revenue by 2030, an average organic growth rate of at least 10% annually is needed. The strategy will require continuing investments in growth leading to a core EBIT margin in the range of 25–30% (at constant FX rates) in the coming years, depending on the size of the investments. In general, the Group will continue to provide guidance on a yearly basis and aims to continuously increase its gross dividend.

On behalf of the Board and our colleagues, we would like to thank you, our shareholders, for your ongoing support and confidence in our company.

Yours sincerely,



Gilbert Achermann  
Chairman of the Board  
of Directors



Guillaume Daniellot  
Chief Executive Officer

15 February 2022

# WELCOME TO STRAUMANN GROUP

Straumann Group is a global leader in tooth replacement and orthodontic solutions.

Headquartered in Basel, Switzerland, we employ more than 9 000 people worldwide. The Group unites global and international brands that stand for excellence, innovation and quality in replacement, corrective and digital dentistry. These are available in more than 100 countries through a broad network of distribution subsidiaries and partners. The Group manufactures its products across a global network of 19 production sites.

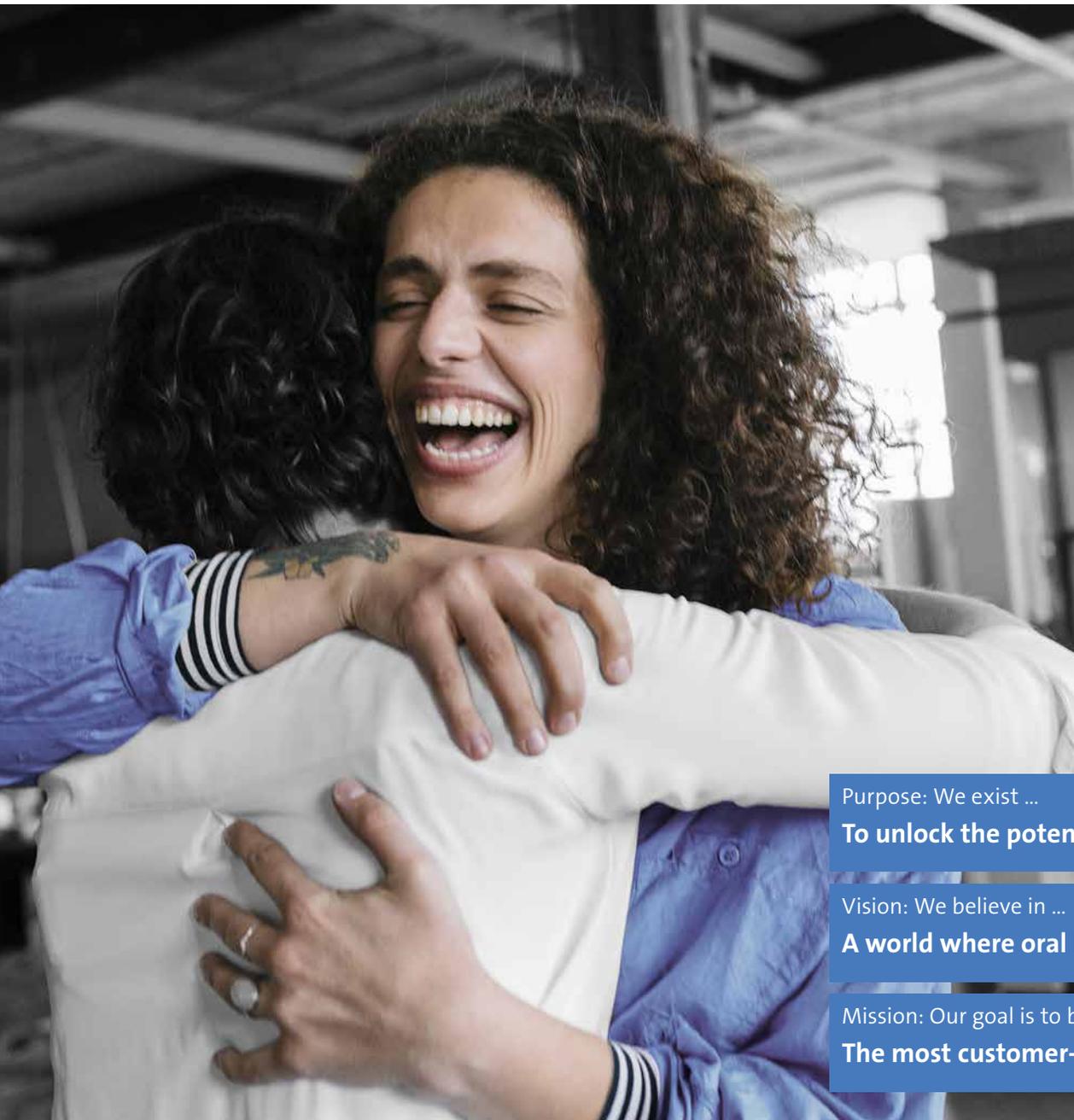
Straumann is the leading premium brand in implant dentistry, renowned for innovation, quality, clinically proven long-term success, support, expertise and education. At the same time, the Group is a global leader in the value segment, making high-quality implant and prosthetic solutions more affordable to a broader population. Our challenger brands in this segment include our Anthogyr, Medentika, Neodent and NUVO brands. ClearCorrect, meanwhile, develops and produces high-quality, easy-to-use clear aligner solutions that are removable, comfortable and attractively priced. The Group's digital brands – Straumann Group digital solutions and Dental Wings – are leading providers of dental CAD/CAM (computer-aided design/manufacturing) solutions, including software, scanning equipment and guided surgery.

The Straumann Group unites various global and local or regional product brands with a number of fully or partially owned companies, as well as independent partners which provide technology and manufacturing expertise.

## PARTNERING FOR INNOVATION

The Group takes a holistic approach to dentistry, providing training, support and a wide range of services to dental practitioners, clinics and laboratories all over the world. Recognized as a leading innovator, we work with universities, clinics, research institutes, networks and communities to enhance the standard of patient care. Through our collaborations with academic networks such as the International Team for Implantology (ITI) and the Latin American Institute of Dental Research and Education (Instituto Latino Americano de Pesquisa e Ensino Odontológico – ILAPEO), we support research and offer training and education to dental professionals worldwide.

| Umbrella brand  |   |   | straumanngroup                  |                                |  |
|---|---|---|---------------------------------|--------------------------------|--|
| Global brands   |   |   |                                 |                                |  |
| Implant solutions   |   |   | Orthodontics                    | Digital                        |  |
| Premium   | Challenger  | Eco Challenger  | clearcorrect                    | straumanngroup<br>dental wings |  |
|               |  |  |                                 |                                |  |
|   |  |   |                                 |                                |  |
|   |  |   |                                 |                                |  |
| Local brands  |   |   |                                 |                                |  |
| <br>WARANTEC |   |   | smyletec<br>DR SMILE<br>SMILINK |                                |  |



## OUR PURPOSE

Straumann's heritage stretches back to the early 1950s, although the company's focus on dentistry was established 30 years ago. Throughout our history, we have always strived to make people's lives better. By harnessing cutting-edge science and fusing passion with expertise, we have transformed millions of lives and our solutions continue to give patients back more than just their smile. By restoring the ability to eat and enjoy food, improved oral health also increases self-confidence, restores people's self-esteem and unlocks the potential of their lives.

## OUR VISION

Beyond simply correcting missing or misaligned teeth, new challenges and opportunities are surfacing in our sector. Billions of people need better oral care and the Group's vision is a world where oral health is a source of confidence.

## OUR MISSION

Our mission and strategy define the goals we want to achieve. Our mission is to be the most customer-focused and innovative oral care company in the world. In 2021 we helped more than 3.7 million people and our goal is to achieve 10 million smiles per year by 2030.

Purpose: We exist ...

**To unlock the potential of people's lives**

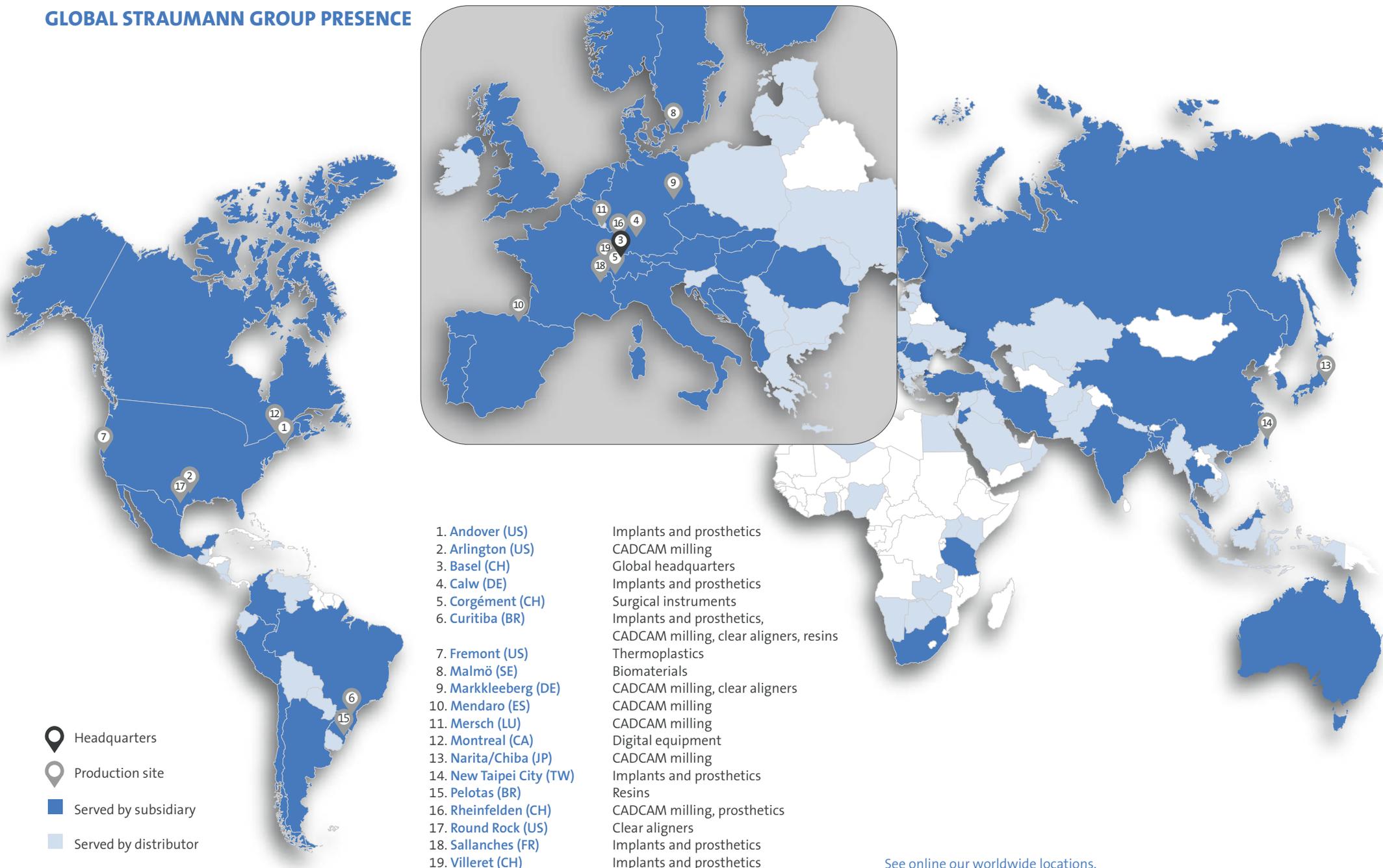
Vision: We believe in ...

**A world where oral health is a source of confidence**

Mission: Our goal is to be ...

**The most customer-focused and innovative oral care company in the world**

**GLOBAL STRAUMANN GROUP PRESENCE**



- 1. Andover (US) Implants and prosthetics
- 2. Arlington (US) CADCAM milling
- 3. Basel (CH) Global headquarters
- 4. Calw (DE) Implants and prosthetics
- 5. Corgément (CH) Surgical instruments
- 6. Curitiba (BR) Implants and prosthetics, CADCAM milling, clear aligners, resins
- 7. Fremont (US) Thermoplastics
- 8. Malmö (SE) Biomaterials
- 9. Markkleeberg (DE) CADCAM milling, clear aligners
- 10. Mendaro (ES) CADCAM milling
- 11. Mersch (LU) CADCAM milling
- 12. Montreal (CA) Digital equipment
- 13. Narita/Chiba (JP) CADCAM milling
- 14. New Taipei City (TW) Implants and prosthetics
- 15. Pelotas (BR) Resins
- 16. Rheinfelden (CH) CADCAM milling, prosthetics
- 17. Round Rock (US) Clear aligners
- 18. Sallanches (FR) Implants and prosthetics
- 19. Villeret (CH) Implants and prosthetics

[See online our worldwide locations.](#)

# STRATEGY IN A GLOBAL MARKET

The Group has enjoyed strong growth over the past years, outperforming both competitors and the market. The evolved strategy lays the foundation to enable the Group to continue this path. Straumann Group was once an implantology-only business, but over the past years, it has significantly expanded its scope. Today, the Group operates in a potential CHF 18 billion market covering implantology, CAD/CAM prosthetics, orthodontics and digital equipment.

To achieve our mission of being the most customer-focused and innovative oral care company in the world, our strategy is to face the future head-on. In our high-performance, player-learner culture, we anticipate the future in order to shape it.

In 2021, the Group's Go5 initiative team carried out a thorough internal and external assessment of the environment we operate in, identifying major trends. Digitalization and technology continue to disrupt our world. New players and models are evolving the game and the rules we play by. Formerly independent customers are consolidating into larger groups. Patients – especially the young – are demanding more and more; they are becoming health consumers who expect faster, highly personalized oral care solutions.

To continue our success and seize the opportunities, three strategic shifts need to happen simultaneously:

- evolving from being product-centric to customer-centric in everything we do
- shift from being a total solution provider for esthetic dentistry to a digitally-powered oral care company
- move from a single to multiple business model company to address different stakeholders including health consumers

Our strategy to achieve these shifts determines the everyday priorities for all our people.

## THE STRAUMANN GROUP STRATEGIC COMPASS

Our Group strategy is illustrated in the strategic compass and customer centricity lies at the heart of what we do. The following strategic enablers will shape our future:

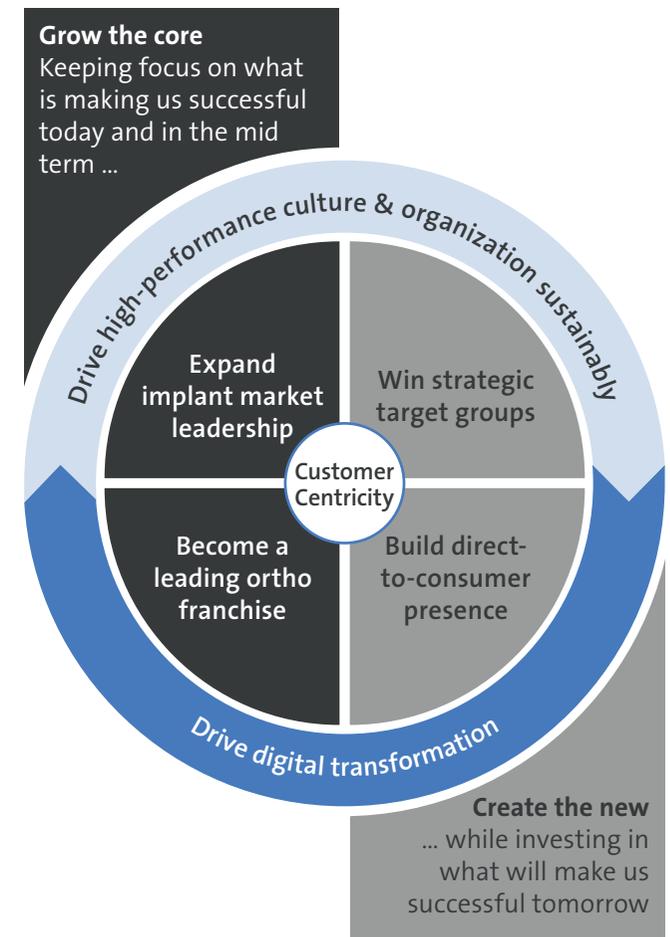
- driving our high-performance culture and organization sustainably
- driving our digital transformation

These enablers impact all four priorities of the compass. On the one hand, we need to **grow the core**, which we will do by expanding leadership in the implant market and becoming a leading orthodontic franchise.

To reflect the changing environment, on the other hand, we **create the new** by winning strategic target groups and building a direct-to-consumer presence.

In this chapter we describe our strategic enablers and priorities, providing an overview of our initiatives in 2021.

## Straumann Group Strategic Compass for the future



## DRIVING HIGH-PERFORMANCE CULTURE AND ORGANIZATION SUSTAINABLY

### OUR HIGH-PERFORMANCE PLAYER-LEARNER CULTURE

We are constantly evolving our culture: a journey inspired by our heritage, grounded in the here and now, defining our future.

The Group is continuously building its cultural journey to support future growth. This is why, in 2021, we evolved our core behaviors into core beliefs that create shared value for our patients, customers and employees.

#### WE BELIEVE THAT OUR CORE BELIEFS ...

- bring our purpose to life and continually shape our culture, reflecting our identity, our DNA and what we stand for as Straumann Group
- are reflected in everything we do and how we engage with each other, customers and other stakeholders
- create a common language and understanding across the entire Group
- help to guide our decisions and shape processes throughout the company

#### SUSTAINABILITY IS EMBEDDED IN HOW WE DO BUSINESS

Rooted in the company's heritage of responsibly creating long-term value for all stakeholders, the new sustainability framework is a strategic business priority. Our commitments and goals are inspired by the aspiration to become a role model in the industry.

Sustainability helps us run our company in terms of efficient use of resources and responsible business practices, it helps us secure the best talent, strategically prioritize our community activities and engage with our stakeholders across the value chain. We act sustainably to improve the quality of life today and for future generations. More information can be found in the Sustainability section of this report (p. 38 ff.).

### Our Core Beliefs



**EXPANDING IMPLANT MARKET LEADERSHIP**

Implant solutions are appreciated due to their esthetic advantages, functionality and long-term viability compared to, for example, conventional bridges which compromise neighboring teeth for support. Technological advances enable faster and less invasive procedures for patients. Implant dentistry remains attractive and its growth outpaces the overall dental market.

The global tooth replacement market (comprising of implant dentistry, biomaterials and custom-made prosthetics), represents a potential CHF 10 billion opportunity. Implant dentistry, a market of approximately CHF 5 billion, bounced back in 2021 by growing 25 – 30% throughout the year as dental practices re-opened and COVID-19 vaccination progressed.

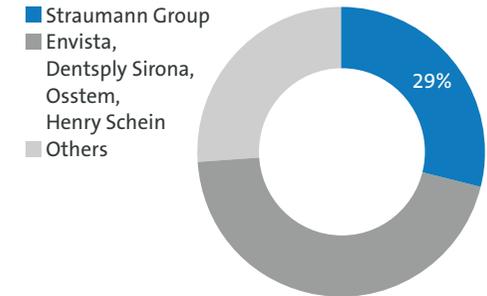
Implantology, our heritage and largest franchise, remain at the core of the Group’s business. We estimate our overall implantology market share to be around 29% (see Implant dentistry market overview chart). At Straumann Group, we are confident that we will expand implant market leadership in the future. Today, about three quarters of the market is held by the leading five companies while the rest is shared among several hundred manufacturers, most of whom operate on a regional or local basis and compete in the value segment.

**INNOVATION TO DRIVE IMPLANTOLOGY**

Innovation remains a strong driver, particularly in the immediacy apically and fully tapered segments. Our company has always focused on innovation and this, together with strong clinical evidence, has been a key differentiator and success factor for building the strong and renowned Straumann brand as it is today.

A key trend in this field are immediacy solutions, which allow for an implant to be placed immediately in a tooth extraction socket and/or for a prosthesis to be mounted on an implant immediately after its placement. This allows for faster time to teeth and fewer dentist visits. Many innovations are emerging to address this trend such as tapered implants for increased primary stability, digital workflow solutions (e.g. pre-operative planning and prosthetic design) and custom-made prosthetics. Recent and upcoming additions to the Straumann Group implant portfolio include Straumann BLX, Straumann TLX and Smile-in-a-Box. With a strong pipeline in place, Straumann is confident that we are keeping innovation at the forefront of our market strategy, remaining a leader in this field (see p. 45 ff.).

**Implant dentistry market overview 2021**



Note: The implant dentistry market includes implant fixtures, abutments, temporary abutments, healing screws, copings and related instruments.

**Innovations to capture opportunities in the growing tapered implant segment (immediacy protocols)**

|                                 | Global market  | Group’s market share | Examples of Straumann Group solutions  |
|---------------------------------|--|----------------------|--|
| <b>Parallel-walled implants</b> | <p>&lt;20%<br/>of implant market</p> <p>Valued for their periodontal performance, documented for more than 30 years</p>  |                      | <p>Straumann TL<br/>Straumann BL</p>   |
| <b>Tapered implants</b>         | <p>&gt;80%<br/>of implant market</p> <p>High primary stability, the preferred choice of many clinicians in immediacy protocols, share increasing in recent years</p> |                      | <p>Straumann BLT<br/>Straumann BLX<br/>Straumann TLX<br/>Neodent Helix GM<br/>Neodent Drive GM<br/>Anthogyr Axiom PX<br/>Medentika Quattrocone</p> |

### MULTI-BRAND APPROACH

Another key pillar is the Group's multi-brand strategy – comprising premium, challenger and eco challenger brands – in implant dentistry. Having historically focused exclusively on premium implants, the Group entered the challenger segment through its acquisition of Neodent, followed by its acquisition of Medentika and Anthogyr. This enables us to meet dentist and patient needs across different price points, digitization and service levels as well as serving regional brand preferences.

### CHALLENGER BRANDS TO DRIVE GEOGRAPHICAL EXPANSION

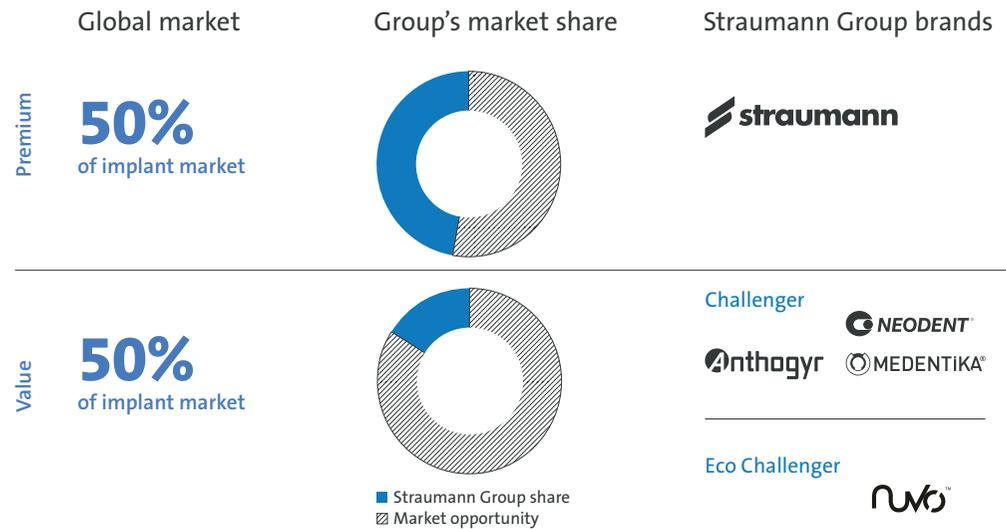
Implant dentistry is an elective procedure and rarely reimbursed. It relies on disposable income and consumer confidence. Long-term growth drivers and low penetration rates in major developed as well as emerging markets offer significant opportunities in implant dentistry in the coming years.

Going forward, we are seeking to further leverage the portfolio and synergies of the Group through geographic expansion. For the challenger brands in the value segment this will be the most important growth driver.

### EDUCATION TO EXPAND ACCESS TO TREATMENT

In addition, large economies like China and India remain heavily underpenetrated due to a lack of qualified dental professionals. In many western established dental markets (Europe, US), implant penetration treatment rates are still low. Only a fraction of patients suffering from tooth loss seek treatment and if they do, they are often treated by conventional crowns and bridges. In both segments – premium and value – education is a key driver for expanding access to professionals and ultimately healthcare consumers.

### Brand portfolio to target different pricing tiers



TLX product family: immediacy premium implant launched in 2021.

## BECOMING A LEADING ORTHODONTIC FRANCHISE

Perfect, straight, 'pearly white' teeth are a new symbol of social status. People constantly seeing themselves on screen in online meetings (the 'Zoom factor') has accelerated this trend. Clear aligners are discreet and can limit practice visits due to the high degree of digitization of the treatment. They therefore open up the market for treating adults who typically shy away from conventional brackets and wires. Clear aligners have also become a strong alternative for treating teens with misaligned teeth.

Today, the clear aligner market, worth approximately CHF 5 billion according to our estimate, is expected to grow at about 20% per year. It is a dynamic market and highly attractive due to its significant potential.

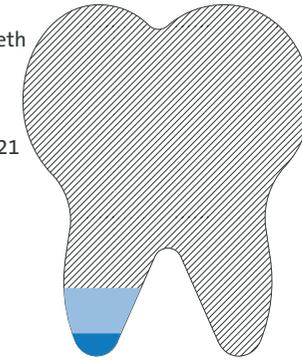
The Group started to establish its orthodontic business in 2017 with the acquisition of the US company ClearCorrect. Since then, there have been significant investments to sharpen its value proposition by strengthening the product and digital offering including faster service and international expansion. Having a low single-digit market share, the upside potential is high – indeed, we believe that clear aligners may become a major revenue contributor for the Group. By widening the offering to additional customer segments and health consumers, exploring new business models as well as expanding the geographic footprint, the ClearCorrect business is well positioned for future growth.

Initially a US player, the Group's orthodontic presence has grown from 13 markets in 2017 to 46 markets in 2021 and established a global manufacturing footprint for clear aligners. To further expand this position, our priority is on building ClearCorrect into a strong brand through marketing and education and on delivering clinical innovation (e.g. treatment software, aligner material) to sharpen its value proposition.

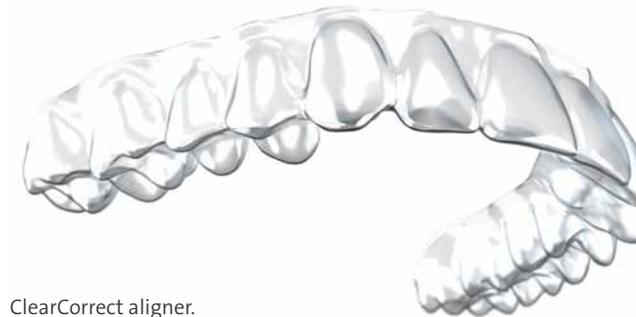
A strong base of key opinion leaders helps increase usage by clinicians and scale our footprint worldwide in both the adult and teen segments. The orthodontics business also started to drive complementary business models like the direct-to-consumer presence.

## Orthodontic treatment penetration

- ▨ People with misaligned teeth
- Ortho case starts 2021
- Clear aligner case starts 2021



While about 500 million people globally have misaligned teeth, only about 21 million started an orthodontic treatment in 2021. Of those about 4 million started a treatment with clear aligners. All figures are Straumann Group estimates.



ClearCorrect aligner.

## BUILDING OUR DIRECT-TO-CONSUMER PRESENCE

Health consumers are educating themselves, demanding more and taking ownership of healthcare decisions. Digital touchpoints and the patient experience throughout the treatment journey are becoming increasingly important.

In the clear aligner market, advances in digital smile simulations, treatment planning and teledentistry solutions are improving awareness of and access to treatment, giving rise to direct-to-consumer (D2C) activities. These include different business models such as:

- D2C: The provider handles all steps and aspects of the patient journey including treatment packages; the role of dental professionals takes a back seat
- B2C2B: The provider acquires the patient and connects them to clinicians; treatment is carried out in a dental practice e.g. through partner practices (also referred to as “doctor-led”)

Direct-to-consumer activities are considered a major lever to unlock high potential in the clear aligner market: many adults are unhappy with their smile, but very few receive or seek treatment.

To address this trend, we started to build a direct-to-consumer presence through the acquisitions of DrSmile in 2020 and Smilink in 2021. Their business models are based on creating awareness of the benefits of clear aligners amongst consumers, offering a complete, convenient treatment solution that relies on experienced clinicians for clinical aspects (B2C2B) or “doctor-led”). This B2C2B model is set up to support treatment quality, optimal outcomes and lasting patient satisfaction.

To further expand this strategic priority, the Group signed an agreement to acquire a controlling stake in

Nihon Implant, a leading implant treatment concierge in Japan. This represents a further step forward into health consumer communications which will help raise awareness of the advantages of implants.

The Group believes that creating patient awareness and managing the patient journey throughout the treatment – with the help of digital platforms – will become a strong success factor in oral care. The initial steps we have taken to ‘play and learn’ are helping us to transform and build the new.

Our new Chief Consumer Officer will develop this strategic priority.

## WINNING STRATEGIC TARGET GROUPS

Consolidation is a key trend in oral healthcare. Today, there are fewer single, independent practices. Dental Service Organizations (DSOs) are on the rise, particularly in North America, Europe and China. Implant dentistry, orthodontics and esthetics are the key growth drivers for DSOs – a strong match with Straumann’s value proposition.

In 2015, around 7% of implants placed were placed by practitioners who were part of a DSO, increasing to approx. 15% in the 6 years to 2021. By 2025, it is estimated that around 30% of implants in major markets will be placed by practitioners who are part of DSOs.<sup>1</sup>

The needs of DSOs go beyond those of smaller practices or labs. Dental companies need to offer more than products and solutions to win this strategic target group. They need to provide additional services, such as supporting a seamless patient experience, practice digitization, workforce training and continuous education or business process optimization.

<sup>1</sup> Straumann Group estimate

Straumann Group’s palette of services can be tailored to support each DSO. This includes orthodontics and implantology, but also digital solutions, customer success management, strategic account development, as well as training and education.

Our vision is to become the business partner of choice for DSOs by expanding and reshaping our value proposition, building integrated, end-to-end solutions and establishing additional business models. We will do this by piloting, learning, scaling and constantly enhancing our offering. Our clinical and business expertise, as well as the depth and breadth of our Group solutions, are a strong asset in this journey.

## DRIVING DIGITAL TRANSFORMATION

Digital disruption and transformation is happening everywhere, accelerated by COVID-19. In dentistry, digital technologies are transforming all aspects of the industry from patient communication and practice management to diagnostics and the treatment itself. We are adopting digital innovation to increase treatment efficiencies and improve outcomes for the benefit of patients, dentists and technicians.

Straumann is making strong inroads in digitizing treatment workflows for tooth replacement and teeth straightening. Today, our active markets include CAD/CAM equipment (a market of approximately CHF 2 billion) as well as consumables and services. The Group provides a broad offering of CAD/CAM equipment that targets different segments. However, our market share in CAD/CAM equipment is less than 5% and reflects our strategy to rely on open systems and connectivity, instead of closed platforms (see graphic on p. 20).

A key pillar of Straumann’s digital transformation strategy is to strengthen customer loyalty and deliver frictionless customer experiences through a

comprehensive platform approach, offering a single digital platform for the Group and our partners.

Technology advancements such as artificial intelligence, augmented reality, virtual reality and a stronger focus on software and data strategy will contribute to the development of new service offerings and open up exciting ways of interacting with customers and consumers. In addition, we are taking steps to optimize and digitize processes internally.

Overall, our digital transformation is one of our strategic enablers, alongside driving our high-performance culture and organization sustainably. These enablers are instrumental to achieving our mission of becoming the most customer-focused and innovative oral care company in the world.

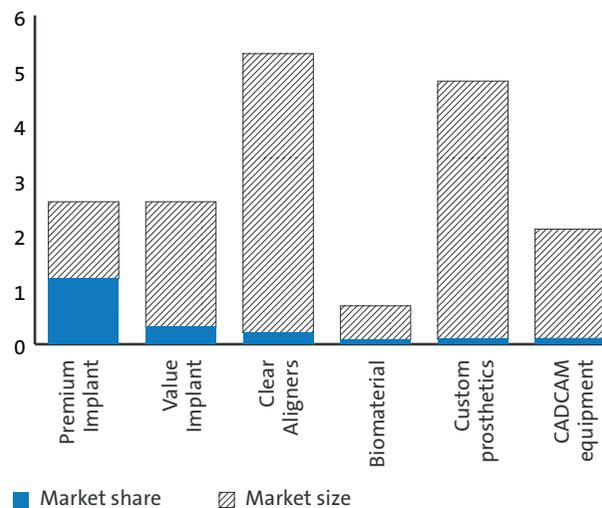
## A STRATEGY FOR LONG-TERM, SUSTAINABLE GROWTH

Through internal development, acquisitions, investments and partnerships, Straumann Group has significantly expanded its addressable market to more than CHF 18 billion (2021). There are no discernible reasons why our industry should not continue to offer attractive growth prospects in the long-term, looking at the unchanged principle growth drivers of our industry which are demographic shifts, improved affordability, access to education and trained clinicians, increased health consumer awareness and esthetic trends. However, economic uncertainties, as well as political developments, might affect the prospects of market growth.

Our future revenues depend on market reach and expansion. It will be crucial to defend and increase our business with existing customers, enlarge our customer base and develop innovative solutions that meet customers' needs.

This year, we have set the stage for sustainable future growth and will continue to create opportunities that are aligned with our strategic priorities and enablers while remaining vigilant and agile in order to adapt to our fast-changing environment.

### CHF 18 billion addressable market with big potential<sup>1</sup> in CHF billion



1 Implant dentistry, custom-made prosthetics markets both include computer-aided design of manufacturing (CAD/CAM) abutments

Note: All market data in this chapter are based on industry and market reports (iData, Decision Resources Group) and Straumann Group bottom up estimates in 40+ countries.

### The principle growth drivers of implant dentistry remain valid

demographics – ageing population, more elderly people need tooth replacement

affordability – the middle class is growing in developing countries

treatment provision – the number of trained dentists who are confident placing implants is rising

awareness – patients are better informed about the benefits of implant treatment

esthetics – patients favor treatment options with high esthetic outcome

### CAD/CAM equipment – an approx. CHF 2 bn market opportunity includes

Intraoral scanners – to capture digital impressions in the dental practice

Lab scanners – for design of CAD/CAM prosthetics

Milling equipment – for in-lab or chairside manufacturing of CAD/CAM prosthetics (e.g. crowns)

3D printing equipment – for in-lab or chairside 3D printing of e.g. models or surgical guides

This equipment is an enabler to provide access to Straumann workflow solutions and consumables; we are pursuing a strategy of open systems and connectivity to multiple platforms.

## STRAUMANN GROUP STRATEGY IN ACTION

The strategic priorities and enablers of the Straumann Group translate into a number of clearly defined initiatives and deliverables. These are continuously tracked and adjusted. They are reflected in the investments, launches, pipeline and partnerships featured throughout this report. Examples are provided in the adjacent table.

### Examples of strategy in action in 2021

#### Drive high-performance culture and organization sustainably

Outstanding financial performance, outperformed peers

Above average employee engagement further increased

Evolved purpose, vision, mission, core beliefs, strategy and sustainability framework

Investments and expansion in China (manufacturing, education, innovation), Switzerland (technology and innovation) and US (manufacturing)

#### Expand implant market leadership

Increased market share of global implant dentistry estimated at 29%

Immediacy solutions underpinned through premium fully tapered implants: BLX roll-out, TLX launch

Neodent available in more than 80 countries, Anthogyr, Medentika both available in more than 60 countries

Investment in mininavident to develop a dynamic surgical navigation system

#### Become a leading orthodontic franchise

New state of the art multilayer aligner material ClearQuartz launched globally

Clear Pilot treatment design tool introduced

Ortho Campus launched, a comprehensive collection of orthodontic tools, programs and professional education curriculum

#### Build direct-to-consumer presence

Further expansion of DrSmile, presence in 10 European countries

Acquired Smilink, a doctor-led direct-to-consumer business; further strengthened orthodontics business in Brazil

Investment in Nihon Implant, a leading implant treatment network in Japan

#### Win strategic target groups

End-to-end solutions along patient journey and consultative approach strengthened

New long-term partnerships with DSOs

#### Drive digital transformation

Comprehensive range of intraoral scanners, addition of Medit (through distribution), Virtuo Vivo

Founding partner of the 3Shape Unite platform

## HOW WE CREATE VALUE

Guided by our purpose and vision, we aim to pursue a holistic approach to generate lasting value, especially for the millions of patients who are treated with our solutions each year, but also for our customers, employees, shareholders and the communities in which we live and operate.

We consider the interconnectivity and dependencies between our business activities, our strategy and the various inputs. This understanding follows the value creation concept as proposed by the International Integrated Reporting (<IR>) Framework.

Besides financial capital, we rely on other input capital such as human and natural resources, manufacturing capital and immaterial resources such as relationships.

Our strategy is set out to use and develop these resources responsibly in order to achieve outcomes that generate sustainable value for all our stakeholders.



## INPUT

## FINANCIAL CAPITAL

- Equity of CHF 1 500m
- Cash and cash equivalents of CHF 880m
- Capital expenditures of CHF 121m

## HUMAN CAPITAL

- > 9 000 talented, motivated employees in > 100 countries at year end, diversity of skills, backgrounds, experience, etc.
- Investment in staff learning of CHF > 3m

## INTELLECTUAL CAPITAL

- 8 global brands
- > 1 200 active patents
- Intangible investments 15.8m
- Investment in R&D of CHF 96m
- Distribution rights for 3rd party products

## NATURAL CAPITAL

- Raw materials 900 tons
- Energy 75 709 MWh
- Operating materials 415 tons

## MANUFACTURED CAPITAL

- Buildings and infrastructure
- Production sites
- Distribution and selling sites

## SOCIAL &amp; RELATIONSHIP CAPITAL

- Customer base of dentists and laboratories in > 100 countries
- Supplier network
- Communities

## OUR BUSINESS MODEL



## OUR BUSINESS

Solutions for prevention and tissue regeneration,  
tooth alignment, restoration and replacement

→ Innovation > Production > Marketing, Sales, Education →

## OUTPUT

page 45

## ADVANCING ORAL CARE

- Approx. 3.7m patients treated, restored dental function and esthetics; enhanced quality of life
- ≈ 8 000 education activities in 2021
- 35% of educational activities in low- and middle-income countries
- Smilink and mininavident acquired
- over 10 solutions launched

page 57

## EMPOWERING PEOPLE

- 40% women in leadership positions
- 74% of our people experienced good opportunities to learn and grow
- Employee engagement score of 80

page 62

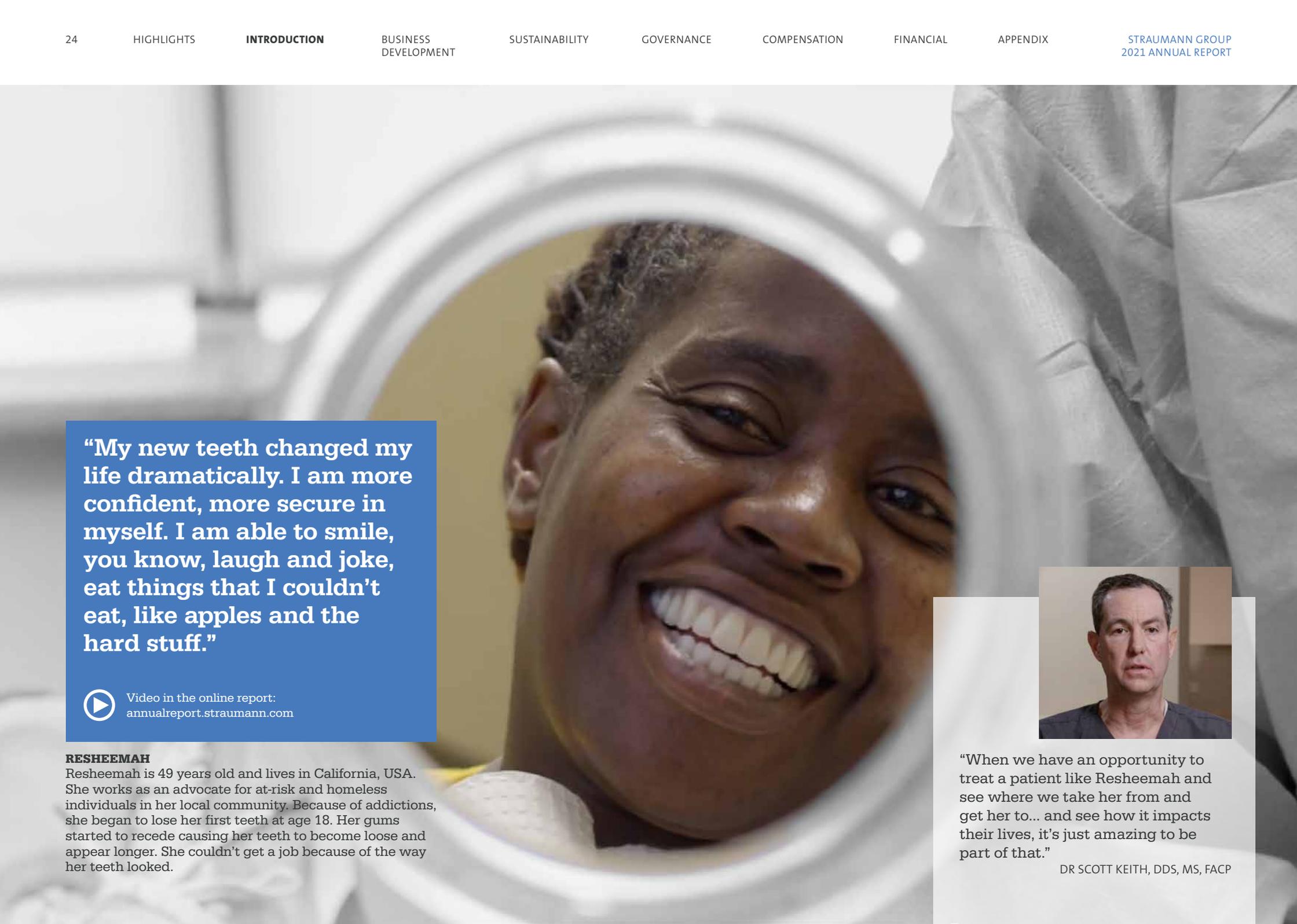
CARING FOR THE  
PLANET AND SOCIETY

- 69% renewable electricity
- Energy consumption reduced by 11% per employee
- more than 30 charitable programs sponsored

page 76

## ACTING WITH RESPONSIBILITY

- CHF 2 022m revenue
- CHF 553m core operating profit
- Cash and cash equivalents of CHF 880m
- Total shareholder return 88.7%
- 116 patents granted in 2021



**“My new teeth changed my life dramatically. I am more confident, more secure in myself. I am able to smile, you know, laugh and joke, eat things that I couldn’t eat, like apples and the hard stuff.”**



Video in the online report:  
[annualreport.straumann.com](https://annualreport.straumann.com)

#### **RESHEEMAH**

Resheemah is 49 years old and lives in California, USA. She works as an advocate for at-risk and homeless individuals in her local community. Because of addictions, she began to lose her first teeth at age 18. Her gums started to recede causing her teeth to become loose and appear longer. She couldn’t get a job because of the way her teeth looked.



“When we have an opportunity to treat a patient like Resheemah and see where we take her from and get her to... and see how it impacts their lives, it’s just amazing to be part of that.”

DR SCOTT KEITH, DDS, MS, FACP