

2020 Annual Report

#TogetherStrong

straumanngroup

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#TogetherStrong

#TogetherStrong is a tag-name that covers countless initiatives we took to address pressing needs in the dental community in 2020.

It started with a website offering scientific and practical information to help customers and staff through the corona virus crisis. Soon it became a holistic, omni-channel response including a massive education platform.

The **#TogetherStrong** concept has extended to thousands of activities and millions of communications. It demonstrates how the events of 2020 fuelled our resourcefulness, innovation and passion for creating opportunities.

#TogetherStrong aptly describes how we progressed through and emerged from this extraordinary year.

#TogetherStrong is forward-looking; it expresses purpose, teamwork, courage, determination, perseverance, moving forward and succeeding in turbulent surroundings – themes that are captured in the pictures and contents of this report.



Straumann's Annual Reports for online users
<http://annualreport.straumann.com>

HIGHLIGHTS

Group key figures

in CHF million

	2020	2019	Change (%)
Revenue	1 426	1 596	-11
Gross profit	1 030	1 200	-14
Core ¹	1 038	1 207	-14
EBITDA	406	481	-16
Core ¹	421	505	-17
Operating profit (EBIT)	157	387	-59
Core ¹	333	432	-23
Net profit	92	308	-70
Core ¹	261	338	-23
Cash generated from operating activities	377	378	0
Capital expenditure	82	150	-45
Free cash flow	295	230	28
Basic EPS (in CHF)	5.75	19.33	-70
Core ¹	16.20	21.21	-24
Employees (at year end)	7 340	7 590	-3

Notes to core figures

- 1 To facilitate a like-for-like comparison of the underlying business performance the Group presents 'core' results in addition to the results reported under IFRS. A detailed explanation and reconciliation is provided on p. 124 ff. of the Financial Report.

Revenue in CHF

1.4bn

CHF cash from operating
activities ≈ 2019 level

377m

Core EBIT margin

23%

Gross profit
in CHF

>1bn

High staff engagement
score (4 pts above global
benchmark)

78

Investment in staff learning
in CHF

>3m

Oil and solvent
consumption

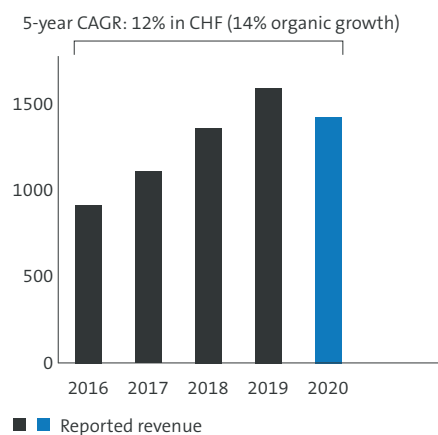
-8%

Greenhouse gas emissions

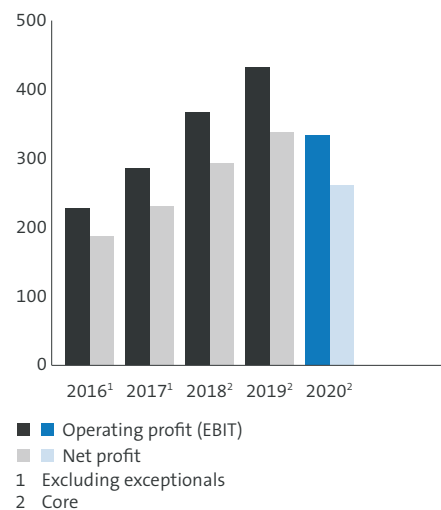
-2%

Revenue (more on p. 35 ff.)

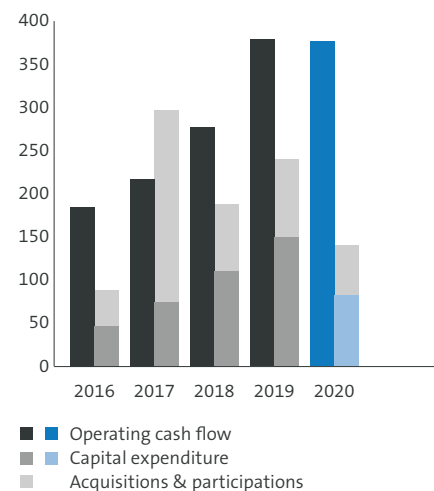
in CHF million

**Operating and net profit (more on p. 36 ff.)**

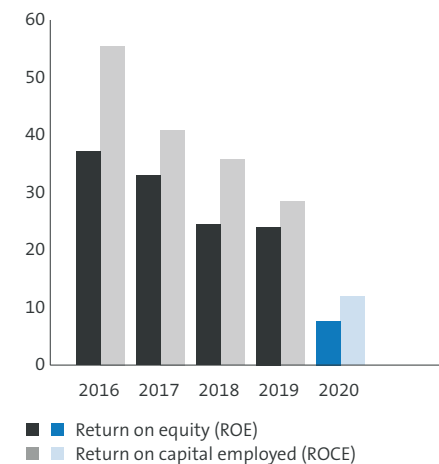
in CHF million

**Cash flow and investments (more on p. 36 ff.)**

in CHF million

**Return (more on p. 45 ff.)**

in %

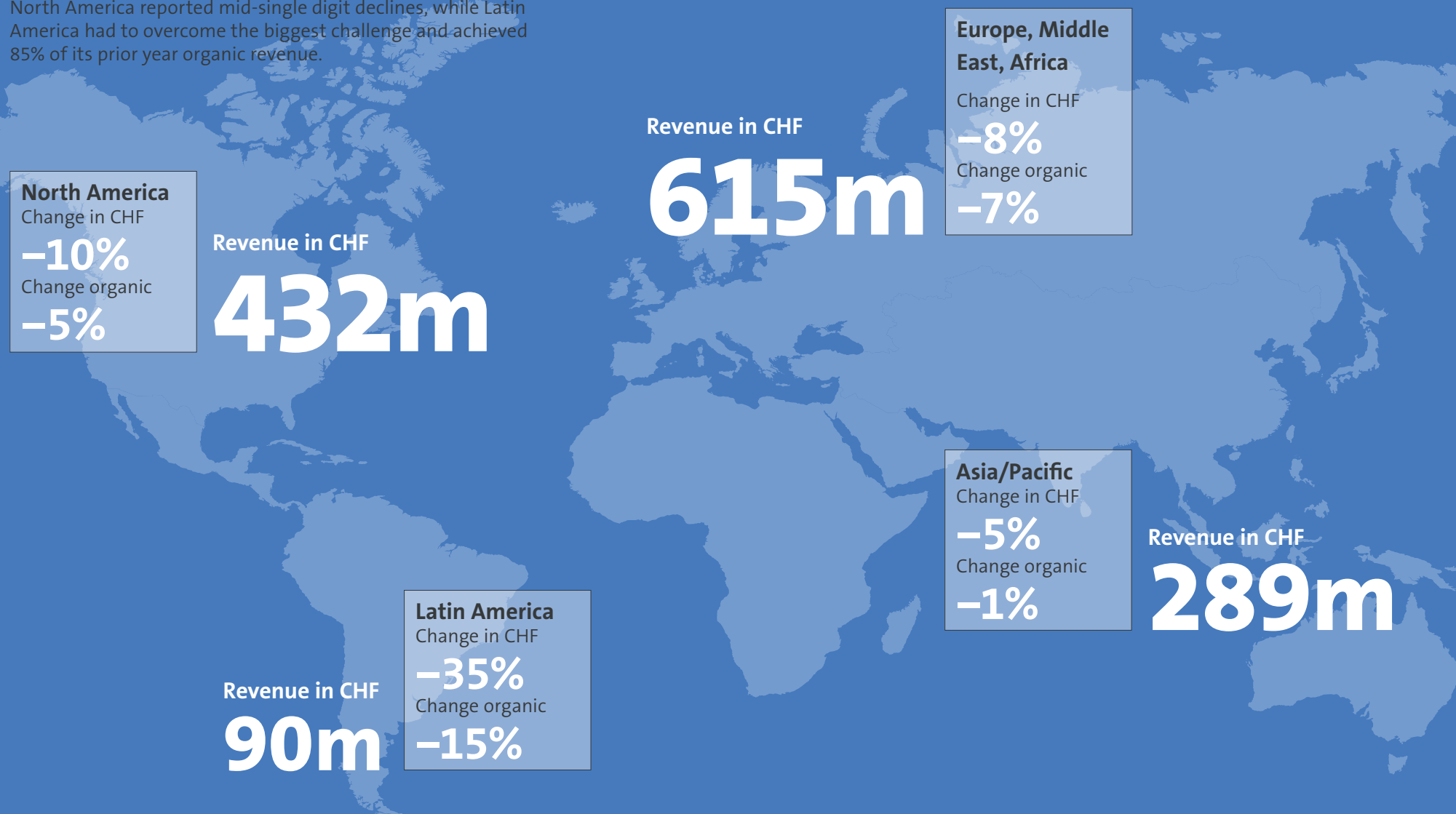
5y organic revenue
growth (CAGR)**14%**

Core EBIT in CHF

333mInvested over 5y
in the future in CHF**>1bn**Free cash flow
margin**21%**

Performance by region

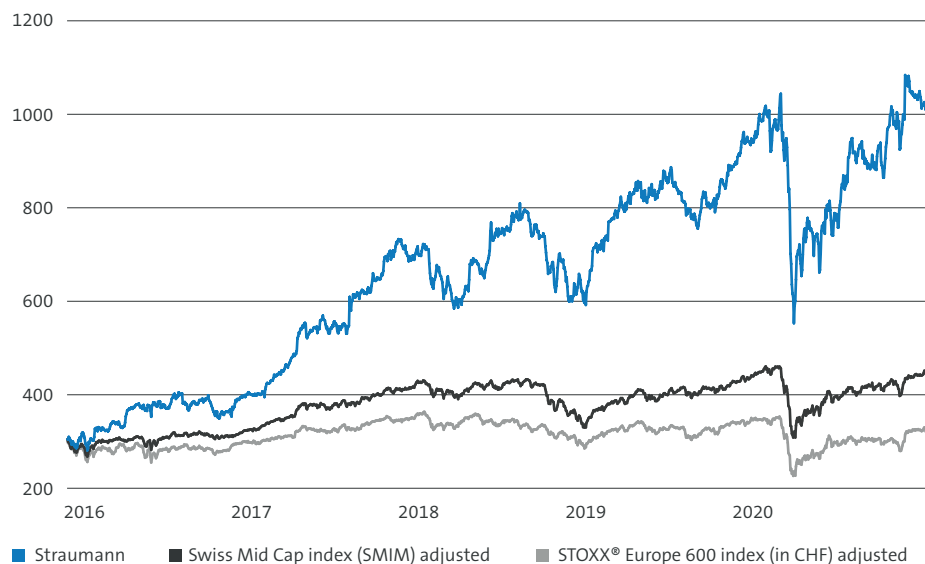
By year-end, organic growth had returned to all regions. Being the least heavily affected, APAC rebounded to high-teen growth in Q4 to complete the year almost in line with 2019. EMEA and North America reported mid-single digit declines, while Latin America had to overcome the biggest challenge and achieved 85% of its prior year organic revenue.



Share information

Relative share price development

in CHF



Share information

in CHF

	2020	2019	2018	2017	2016
Earnings per share (EPS)	16.20 ¹	21.20 ¹	18.16 ¹	15.13 ²	11.94 ²
Ordinary dividend per share	5.75 ³	5.75	5.25	4.75	4.25
Payout ratio	36% ¹	27% ¹	29% ¹	31% ²	36% ²
Share price at year end	1031.50	950.40	618.00	688.50	397.50

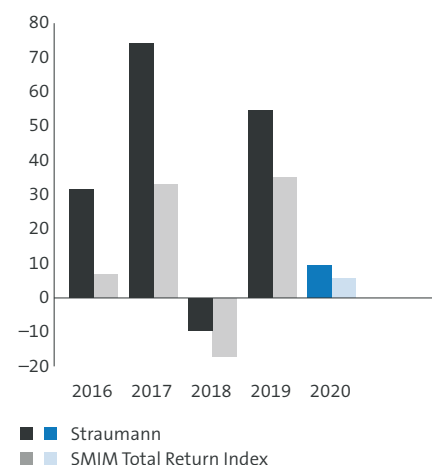
1 Based on core results.

2 Based on results excluding exceptionals.

3 Payable in April 2021 subject to shareholder approval.

Total shareholder return

in %



Details about share performance
on p. 46 ff.

Total shareholder return

9.4%

Market capitalization in CHF

16.4bn

Dividend per share in CHF

5.75³

Share price performance

8.5%



Gilbert Achermann, Chairman of the Board of Directors

Dear Shareholder,

As a company we have learned, innovated, adapted, relinquished, matured and persevered in 2020. Above all, we have understood the value of bringing and keeping people, ideas and things together when traditional approaches are no longer possible. This is why #TogetherStrong aptly describes how we progressed through and emerged from this extraordinary year.

#TogetherStrong aptly describes how we progressed through and emerged from this extraordinary year.

In 2020, building on five years of double-digit growth, we made a promising start until March, when dental practices closed temporarily or were limited to essential treatment. During the crisis months our focus was on safety, business continuity, mitigating financial impacts and helping dentists get back to treating patients. When lockdowns eased, revenue picked up, lifted by pent-up demand. Considering the disruptions and taking the record-level results from 2019 as a comparison, we achieved solid results in 2020. Organic revenue was down 6%, while strong currency headwind widened the gap in Swiss francs to 11% as revenue reached CHF 1.4 billion.



Guillaume Daniellot, Chief Executive Officer

The pandemic put our original objectives for improved profitability in 2020 beyond reach. However, thanks to rapid mitigation of near-to-mid-term financial impact, including operating cost reductions, subsidized working-hour reductions, global restructuring and postponed investments, we alleviated the heavy pressure on profitability. Our core EBITDA, EBIT and net profit margins reached 29.5%, 23.4% and 18.3% respectively, which is very presentable in the circumstances. We commend our Finance team for their work and for securing liquidity to ensure continuity, including CHF 480 million raised through two straight bonds to refinance a maturing bond and for general corporate purposes.

We were able to continue investing in innovation to provide faster, better treatments.

Thanks to the remarkable efforts of our colleagues in Operations, we maintained services and product availability throughout the year. Our core gross profit reached CHF 1.0 billion with a margin of almost 73%. Combined with cost reductions and reduced activities (e.g. travel and promotional events) we were able to continue investing in innovation to provide faster, better treatments with additional predictability, comfort and convenience. We also continued to invest in developing our people (p. 64 ff.) and production (p. 72 ff.).

Thanks to our agile response, we outperformed the market.

REBOUNDED ACROSS REGIONS AND BUSINESSES

By year-end, organic growth had returned to all regions (see p. 35 ff.). APAC rebounded to high-teen growth in Q4 to complete the year almost in line with 2019. EMEA and North America reported mid-single digit declines, while Latin America, facing the biggest challenge, achieved 85% of its 2019 revenue.

The value implant, digital and orthodontics businesses all achieved full-year organic growth, the latter reporting the highest increase. Premium implants, our largest revenue driver, were constrained by the pandemic's impact on predominantly premium affluent markets. Notwithstanding, strong sales of innovative products like Straumann's BLX implant led to share gains in the immediacy and other segments. Sales of intraoral scanners also rose, reflecting the increasing trend in digital dentistry.

Our passion to create value through strategic partnerships and acquisitions was undiminished. To complement our orthodontics business, we acquired a 75% stake in DrSmile, one of Europe's fastest-growing specialists in direct-to-consumer marketing of clear aligner solutions fully backed by experienced clinicians. We also invested in Promaton, a software company developing artificial intelligence applications to support diagnosis and treatment planning. To expand in the emerging Romanian market, we acquired the established distributor Artis Bio Tech. Collectively, these investments amounted to approximately CHF 46 million

with further payments expected in the coming years. We continued to expand manufacturing capacity (CHF >50 million) which, together with investments in information technology and other fixed assets, resulted in capital expenditures of CHF 82 million (CHF 150 million in 2019). Cash from operating activities amounted to CHF 377 million (CHF 378 million in 2019) and free cash flow reached CHF 295 million (CHF 230 million in 2019).

MARKETS, ENVIRONMENT – TRENDS

We estimate that the global market for implant dentistry is worth approximately CHF 4 billion¹, after contracting by 10–15% due mainly to the pandemic lockdown. Thanks to our agile response, we outperformed the market. The drivers of mid- and long-term market growth remain valid and include innovation, the growing and aging population, awareness of esthetics, increasing availability and affordability.

Our second largest market, clear aligners, is worth approximately CHF 3.5 billion² (see p. 33 f.) and was growing at 20% prior to COVID-19. In 2020, it was almost flat due to the lockdown interruptions. Nevertheless, it represents one of the most attractive areas in dentistry due to the significant advantages of clear aligners over conventional wires and brackets, including appearance, patient compliance and convenience. Growing awareness and wider availability will drive penetration rates.

ESTHETIC DENTISTRY – BRINGING EVERYTHING TOGETHER

Esthetic dentistry thus offers significant opportunity for sustainable business growth in the future and continues to be our strategic focus. To incorporate emerging trends and new realities, we fine-tuned our three strategic priorities in 2020 (p. 17 ff.).

PRIORITY ONE: DRIVING OUR HIGH PERFORMANCE STRAUMANN GROUP CULTURE AND ORGANIZATION

Culture is at the heart of execution, driving results and creating value, which is why it remains our key priority. Our culture continues to foster agility, embrace change, encourage entrepreneurship, focus on execution and deliver high performance. These attributes enabled us to navigate the crisis as an opportunity rather than a threat.

The engagement of many dedicated, talented people who brought progress and solid results in tough conditions deserves recognition and reward.

Entering 2020, we were geared for strong growth, having doubled our workforce over the three prior years. With revenues tumbling 70% at the pandemic's peak, we quickly had to align our costs – most of which are personnel. In addition to subsidised working-hour reductions and reduced compensation (including voluntary cuts by the Board and senior management), we regrettably had to lay off approximately 9% of our global workforce. Our key objective was to conduct this in a responsible, fair and timely manner, without compromising the company's ability to rebound rapidly. We are deeply thankful for the professionalism and understanding of all our colleagues, especially those whose positions were discontinued. We are also grateful for the suggestions, solidarity and selflessness of our colleagues who

helped to minimize the impact on jobs. At year end, our global team totaled 7340, including 360 who were added through strategic acquisitions and newly created positions.

Diversity, inclusion and belonging bring new perspectives, foster innovation, provide market insights and add value. The diversity, skills and experience of our leadership team have broadened (see p. 93 ff.), and our global staff includes more than sixty nationalities in more than a hundred countries. In spite of the challenging times, our annual staff survey showed a high level of engagement, pride in working for Straumann Group, excitement in the future and confidence in the meaning and purpose of our work (see p. 65).

The engagement of many dedicated, talented people who brought progress and solid results in tough conditions deserves recognition and reward. Due to the extraordinary circumstances in 2020, their exceptional efforts are not necessarily reflected in our ordinary financial performance indicators. For such cases, the Board of Directors decided to award a discretionary short-term incentive at 80% of target to all eligible employees³.

With regard to the 2017 long-term incentive which vested in April 2020, we met the 3-year objectives for total shareholder return (+14% CAGR) and EBIT growth (CHF +50 million), resulting in a capped maximum award for senior management (see p. 115 ff.).

PRIORITY TWO: ACCELERATING GROWTH IN CORE IMPLANT MARKETS AND STRATEGIC SEGMENTS

The market for tooth replacement offers significant opportunity. In premium implants, we have a strong innovation pipeline and global rollout program. In value implants, we have a broad range

covering all price tiers and the capability to expand these brands internationally.

Pursuing our goal of leading the immediacy segment, which accounts for roughly a quarter of the 27 million dental implants placed annually, we continued the global rollout of Straumann BLX. Straumann's new Zygoma implant system (see p. 25), which we launched virtually, will support BLX's growth trajectory. Our innovative TLX implant, which entered its clinical program (see p. 25), and our Smile in a Box solution also contribute to this objective.

Our culture continues to foster agility, embrace change, encourage entrepreneurship, focus on execution and deliver high performance.

To increase affordability, especially in emerging markets, we continued the global rollout of our challenger brands Neodent, Anthogyr and Medentika. For the lower value segment, we launched our new NUVO brand in initial markets and our Korean partner brand, Warantec, in China.

Event cancellations and restrictions on travel and meeting did not diminish our efforts to win customers. Through strong innovation, launches and intense online efforts (including education, virtual symposia, and summits – see p. 60 ff.), we attracted customers and strengthened our market positions. We continued to serve customers

directly through our subsidiaries and also to address the corporate segment by partnering with Dental Service Organizations (DSOs). Despite lockdowns, we expanded our existing DSO business and built new partnerships. One highlight was our online global DSO summit with 50 CEOs from leading DSOs representing 31 000 clinicians in 28 countries.

PRIORITY THREE: CREATING A LEADING ECOSYSTEM FOR ESTHETIC DENTISTRY

Our third strategic priority combines the desire for dental esthetics with seamless digital experiences. Our goal is to connect all our digital solutions, services and equipment with partners and third parties, providing frictionless customer-centric solutions (see p. 18 ff.). To drive this strategy, we established dedicated Digital and Orthodontics business units and recruited high-caliber executives to lead them. Both businesses grew in 2020.

We are confident that we will emerge as an even stronger brand and partner of choice.

In orthodontics, ClearCorrect launched new software and an innovative high-performance material to enhance convenience, increase comfort and shorten treatment. We also entered the exciting arena of online consumer marketing with DrSmile. Intraoral scanners are a key to our digital ecosystem and the gateway to digital dentistry. In October, we completed the integration of 3Shape TRIOS intraoral scanners with the Straumann Group's software solutions and services. Now these highly popular scanners can connect seamlessly with

Straumann's orthodontic, restorative, implant, chairside, and digital dentistry solutions. We also gained global distribution rights for the attractively priced Medit intraoral scanners, which complement our range and strengthen our position as a global partner of choice for integrated intraoral scanning solutions.

CONTINUED COMMITMENT TO LONG-TERM VALUE CREATION

We remain committed to sustainable development and value creation. This means running our operations efficiently using natural resources effectively and minimizing our environmental impact (see p. 58). Our commitment also encompassed 20 charitable projects in 2020, offering dental care and humanitarian relief in 13 countries (see p. 69 ff.).

Our strong business fundamentals and growth opportunities are reflected in our share price, which continued to outperform the Swiss equity market and rose 8.5% to CHF 1031 at year-end, while the SMI and SMIM indices closed up 3.3% and 0.8%, respectively. Ours is the second-best performing share in the SMIM universe over the past five years. With our market capitalization exceeding CHF 15 billion, we joined the Swiss Leader Index, which comprises the largest 30 securities in the Swiss equity market.

Based on the 2020 results, the Board of Directors proposes a stable dividend of CHF 5.75 per share, payable on 15 April 2021, and intends to continue increasing the dividend in the future, subject to further good performance.

OUTLOOK (BARRING UNFORESEEN CIRCUMSTANCES)

By year-end, dental practices around the world had resumed normal work, albeit with efficiency

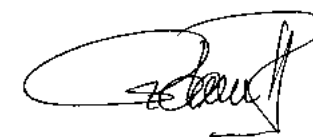
reduced by additional protective measures. Patient confidence had also strengthened. The sharp rise in infections around New Year led to new lockdown measures in key markets. However, visits to dentists for all treatments remain possible in most places, and with mass vaccination underway we do not expect a deterioration in the dental markets, although economic recession may reduce disposable income and deter patients from seeking elective non-reimbursed treatments. The breadth of our portfolio, our global reach, the quality and engagement of our people, and our progress in 2020 make us confident that we will emerge as an even stronger brand and partner of choice when the general economy and consumer confidence return to normal. We aim to achieve organic revenue growth in the high-single-digit percentage range. Profitability (core EBIT) is expected to improve versus 2020.

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

12 February 2021

Notes and references

- 1 iData, Decision Resources Group and Straumann bottom-up estimates in 70 countries.
- 2 Industry reports, Straumann bottom-up estimates in >40 countries.
- 3 EMB compensation subject to approval at the AGM in April 2021.

MANAGEMENT COMMENTARY

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**# TOGETHER
STRONG**

STRAUMANN GROUP IN BRIEF

Our business and vision

WHO WE ARE, WHAT WE DO AND WHERE WE ARE HEADED

Headquartered in Basel, Switzerland, the Straumann Group is a global leader in esthetic dentistry. It unites global and international brands that stand for excellence, innovation and quality in replacement, corrective, preventive and digital dentistry, including Anthogyr, ClearCorrect, Dental Wings, Medentika, Neodent, NUVO and Straumann, as well as other fully or partly-owned companies and partners.

The Group develops, manufactures and supplies dental implant systems, biomaterials, CAD/CAM prosthetics, digital equipment, software, clear-aligner systems and various materials for dental applications. Its principal production sites are in Brazil, France, Germany, Switzerland and the US.

As a total solution provider for esthetic dentistry, the Group takes a holistic approach, including training, support and a wide range of services to dental practitioners, clinics and laboratories all over the world. It is recognized as a leading innovator and works together with universities, clinics, research institutes, networks and communities to enhance the standard of patient care. Through unique collaborations with academic networks like 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), the Group supports research and offers training and education to dental professionals worldwide.

With a team of more than 7300 people, the Group is present in more than 100 countries around the world through a broad network of subsidiaries and distribution partners.

Straumann's heritage stretches back to the early 1950s, although the company in its present form and focus on dentistry was established 30 years ago. Over the years, it has enabled millions of people to smile and laugh without the stigma of crooked, ugly or missing teeth. By restoring the ability to eat and enjoy food, it has helped to restore health, self-esteem, well-being and confidence – literally changing lives.

OUR VISION

Confidence relates to all our activities; it is built on trust, integrity, inclusion, respect, communication, transparency, collaboration and delivering what we promise. To our customers, confidence means peace of mind, because our solutions are predictable and durable. To our employees, it means rewarding jobs in a secure workplace. To our shareholders, it means sustainable returns from a highly ethical business. For the communities in which we operate, confidence means that we care for the world around us as a responsible corporate citizen. For all our stakeholders it means that the Straumann Group is a reliable partner.

We want to be the first place that people come to do business, to find genuine solutions, to turn ideas into reality, to learn, master and succeed and to

OUR VISION

More than creating smiles, restoring confidence – we want to be the partner of choice in esthetic dentistry.



For the past 30 years, Straumann has focused on creating smiles and restoring confidence – two key determinants of wellbeing and quality of life.

improve lives. This is what being the partner of choice means for us.













OUR CULTURE

The Group's unique culture is a key to its success. It pivots on the mindset of players and learners, who inspire trust, are energized and embrace change; who listen, find out, share, collaborate, include, take risks, find solutions, learn by doing, encourage and celebrate.

To help our employees achieve their best, we strive for a culture that builds trust and collaboration, fosters inclusion and belonging, promotes learning and engagement, and encourages people to take responsibility and ownership. To support this, we have a set of core behaviors that apply for everyone in the Straumann Group and which are listed in our Code of Conduct.



The Straumann Group's iconic global headquarters in Basel, Switzerland.

UMBRELLA BRAND			straumanngroup	
GLOBAL BRANDS				
IMPLANT SOLUTIONS			ORTHODONTICS	DIGITAL
PREMIUM	CHALLENGER	ECO CHALLENGER		
				 
				
				
LOCAL BRANDS				
		  	 DR SMILE	

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.

OUR BRAND

STRAUMANN GROUP – UNITING GLOBAL EXCELLENCE IN DENTISTRY

Our journey into new segments, geographies and technologies has turned Straumann into a global group of national and international brands, companies and partners. The Group's umbrella brand provides a common identity that generates value for the individual brands, companies and partners.

Straumann is the leading premium brand in implant dentistry, renowned for innovation, quality, clinically proven long-term success,

support, expertise, education and peace of mind. At the same time, the Group is a global leader in the non-premium segment, making high quality implant and prosthetic solutions more affordable to a broader population for example through its Anthogyr, Medentika, Neodent and NUVO brands.

In these and its other businesses, including bio-materials, digital dentistry and orthodontic clear aligners, the Group is committed to being the partner of choice.

INPUT

FINANCIAL CAPITAL

- Equity of CHF 1210m
- Cash and cash equivalents of CHF 632m
- Capital expenditures of CHF 82m

HUMAN CAPITAL

- 7340 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
- >1000 active patents
- Investments in intangible assets of CHF 154m
- Investment in R&D of CHF 98m

NATURAL CAPITAL

- Raw materials
- Energy
- Operating materials

MANUFACTURED CAPITAL

- Buildings and infrastructure
- Production sites
- Distribution and selling sites
- Distribution rights for 3rd party products

SOCIAL &
RELATIONSHIP CAPITAL

- Customer base of approx. 200K dentists and laboratories in >100 countries
- Supplier network
- Communities

OUR BUSINESS

VISION

More than creating smiles, restoring confidence – we want to be the partner of choice in esthetic dentistry.

CULTURE & PEOPLE DEVELOPMENT

- Player-learner mindset, core behaviors

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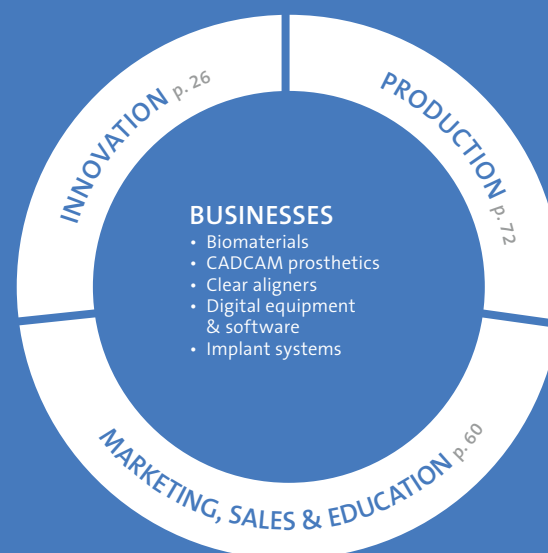
GOVERNANCE

p. 80

STRATEGY

p. 17

BUSINESS ACTIVITIES



OUTPUT

FINANCIAL CAPITAL

- Revenue of CHF 1426m
- Core operating profit of CHF 333m
- Core earnings per share of CHF 16.20
- Free cash flow of CHF 295m
- Total shareholder return of CHF 89

p. 35,
38,
44,
46,
123,
174

HUMAN CAPITAL

- High staff engagement score of 78 (4 pts. above global benchmark)
- 3 average annual training & learning days/employee
- Well-trained workforce

p. 64

INTELLECTUAL CAPITAL

- 107 patents granted in 2020
- Innovative technologies & products introduced
- >1000 ideas generated in internal crowd-sourcing campaign
- DrSmile and Promaton acquired

p. 21,
26,
37

NATURAL CAPITAL

- GHG emissions down by 2%
- Titanium consumption down by 3%
- Operating materials efficiency increased
- Overall waste down by 5%

p. 75

MANUFACTURED CAPITAL

- Solutions for tooth preservation, correction, restoration and replacement
- Restored dental function and esthetics; enhanced quality of life
- Production capacity expanded in Calw (Germany), Curitiba (Brazil), Markkleeberg (Germany)
- More efficient production machinery installed

p. 72

SOCIAL CAPITAL

- Approx. 3m patients treated
- Customer education programs
- Approx. 50K qualified leads generated through online education campaigns
- >800K followers on social media, up by >30%
- >20 charitable programs and scholarships sponsored

p. 64,
69

Value creation at the Straumann Group goes beyond financial capital. In pursuit of our purposeful vision of creating smiles and restoring confidence, we seek 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 operate. We do this by using multiple resources/capitals responsibly to achieve outcomes that generate sustainable value.

ADAPTING TO NEW REALITIES

#TogetherStrong

The Straumann Group made an initially promising start to the first quarter of 2020 with a continuation of the solid growth trend experienced in previous quarters. However, as the coronavirus spread from Asia to Europe and the Americas, most dental practices were either locked down or limited to emergency or essential treatments. Furthermore, fearing infection, patients tended to avoid dental practices that were open. With the global market for implant and esthetic dentistry thus constrained, the Group's sales dropped sharply from mid-March, starting to recover in May when countries began to re-open and dental practices returned to normal.

The Group ensured safety and business continuity. It also mitigated the financial impact by adapting costs and capacity as well as ensuring liquidity.

The pandemic shut-down provided opportunities to train, learn, do things differently, and create new solutions as we were compelled to work remotely and do everything online. Working from home we stayed close to existing customers and attracted new ones, offering extensive online services,



information and free education – for example on implant immediacy protocols and intraoral scanning.

The Group ensured safety, business continuity and mitigated the financial impact.

DIGITAL EXPERTISE TO CREATE ENGAGING CUSTOMER EXPERIENCES

Due to travel restrictions and health precautions, dental congresses and educational events either went virtual or were cancelled. Using its digital strengths, the Group orchestrated multiple virtual forums and symposia around the world to share knowledge, showcase new solutions and present clinical evidence – for example on BLX, immediacy and zygomatic implants.

At the same time, key innovation and R&D pipeline projects continued to advance and will drive future growth.



STRATEGY IN ACTION

Esthetic dentistry – bringing everything together

Esthetic dentistry offers significant opportunity for sustainable business growth in the future and continues to be the focus of our overriding strategy, in spite of the changes that the corona virus brought to many aspects of life in 2020.

We made some slight adjustments to our three strategic priorities in 2020 to incorporate emerging trends. Each of the priorities translates into a number of clearly defined initiatives and deliverables, which are communicated, discussed, aligned and executed throughout the organization. We track them continually and fine tune as necessary. They are reflected in the investments, launches, pipeline, partnerships, achievements, appointments and other activities featured in this report (see tables of examples). In 2020, strong fundamentals together with the ability to adapt quickly, create opportunities and rebound from the COVID-19 crisis enabled us to continue outperforming our market – confirming that our strategy is appropriate.

The key executive succession planning and appointments that we worked on in 2020 are designed to support each of our strategic priorities, adding experience, expertise, talent and diversity from international companies in other sectors.



Our strategy addresses the increasing desire for personal esthetics in today's society.

OUR STRATEGIC PRIORITIES

DRIVE OUR HIGH PERFORMANCE STRAUMANN GROUP CULTURE AND ORGANIZATION

We continue to drive a culture that fosters agility, embraces change, encourages entrepreneurship, raises bars, focuses on execution and delivers high performance. Culture is at the heart of execution; it drives results and creates value, which is why it has remained our key priority. Our fast response to the COVID-19 challenges would not have been possible without the previous investments in our culture. Our culture has enabled us to embrace rapid change and to view the crisis as an opportunity rather than a threat.

Examples of this strategic priority in action in 2020

Culture

- Strong online outreach to keep in touch with customers, e.g. by switching education and conferences to online channels (#TogetherStrong, #TimeForEducation)
- #CultureInAction program to engage employees and keep morale high while working and leading remotely
- Global staff survey improved; strong response rate and engagement score above benchmarks (see p. 65)

People

- COVID task force ensures people safety
- Right sizing of organization completed with social responsibility (see p. 64)
- New leadership team established; culture role modeling (see p. 93 ff.)
- Staff initiatives to help customers fight the pandemic (switch to manufacture protective materials)

Operational excellence

- COVID task force ensures business continuity and mitigates financial impact
- Clear aligner production facility opened in Europe
- Readiness for European Medical Device Regulation (MDR) (see p. 55)
- Program/initiatives to optimize sales channel approach

ACCELERATE GROWTH IN CORE IMPLANT MARKETS AND STRATEGIC SEGMENTS

Our efforts to win customers and to gain share in both the premium and challenger segments were intense and fruitful, despite the travel and visiting restrictions as well as the cancellation of conferences, marketing events and training courses. Through intense online efforts, strong innovation and recent launches, we won customers and strengthened our market position. We also continued our strategy to address customers directly through our own subsidiaries and to address the corporate dentistry segment by partnering with DSOs. We continue to build and deliver our innovation roadmap to secure a strong launch pipeline of differentiating solutions.

Examples of this strategic priority in action in 2020

Differentiating premium solutions	<ul style="list-style-type: none"> • Straumann BLX now available in >30 countries, gaining segment share • New TLX implant enters clinical program prior to launch • Straumann Zygoma implant system launched (online) • Smile in a Box™ combines products and service for workflow efficiency, shorter time to teeth, excellent customer experience
Solutions for challenger segments	<ul style="list-style-type: none"> • Neodent, Anthogyr and Medentika portfolios expanded and rolled out internationally • NUVO brand launched to offer greater affordability
Biomaterials	<ul style="list-style-type: none"> • Further regulatory approvals and continued rollout • Emdogain 25th anniversary campaign

We have set the stage for sustainable future growth and will continue to create opportunities.

CREATE THE LEADING ECOSYSTEM FOR ESTHETIC DENTISTRY

We aim to connect all our digital solutions, services and equipment with partners and third parties in order to provide frictionless customer-centric solutions, including workflow management and data analytics to drive switching, cross and upselling activities. We aim to create a portal that addresses the increasing desire for dental esthetics and seamless digital experiences. It also addresses the growing trend in platforms and ecosystems as strong competitive advantage.

Examples of this strategic priority in action in 2020

Dedicated Digital and Orthodontics business units created; high-caliber executives recruited to lead them

Orthodontic dentistry	<ul style="list-style-type: none"> • Acquisition of DrSmile – entry into online consumer marketing for aligner treatment solutions in Europe • ClearPilot aligner software launched, enhancing convenience and shortening treatment • High-performance clear aligner material launched • Seamless connection of TRIOS intraoral scanners with ClearCorrect's Doctor Portal, facilitating case submission and ordering
Digital dentistry	<ul style="list-style-type: none"> • Integrated workflow solutions connecting third-party intraoral scanners with ClearCorrect, Smile in a Box and coDiagnostiX • Partnerships with multiple intraoral scanner manufacturers strengthened • Full integration of TRIOS intraoral scanners into Straumann workflows • New commercial models and partnership to lower entry barriers to intraoral scanning • Acquisition of Promatron to add expertise in artificial intelligence
Preventive dentistry	<ul style="list-style-type: none"> • Pilots to assess implant health and other products in selected GP markets

OUR STRATEGY DELIVERS SUSTAINABLE GROWTH

Through internal development, acquisitions, investments and partnerships, we have significantly expanded our addressable market, which has more than trebled over the past six years and still offers considerable growth potential (see p. 34). We have set the stage for sustainable future growth and will continue to create opportunities that are aligned with our strategic priorities, constantly vigilant and agile to adapt to a fast-changing environment.

CREATING A LEADING ECOSYSTEM IN ESTHETIC DENTISTRY #TogetherStrong



An ecosystem comprises a number of parts that are connected in some way to each other – directly or indirectly – and that benefit from, depend on, or influence, each other – directly or indirectly, all to varying extents.

In terms of people, the dental practice represents an ecosystem including practitioners, specialists, hygienists, support team, and patients. Practices may be independent or part of a chain. They rely on laboratories – internal or external – with their own ecosystems of technicians, suppliers, etc. Practices, labs and chains rely on manufacturers, some of which may be the same. The manufacturers also have their own ecosystems.

The various components and services used by each of these players are parts of systems and workflows that may or may not be connected. For example, an intraoral scanner in a dental practice is used to take a digital impression of a patient

requiring tooth replacement. The data may be used together with other scan data to plan the surgery – including the position and type of implants used.

Our goal is to create a leading ecosystem that brings everything together for stronger solutions and great customer experiences.

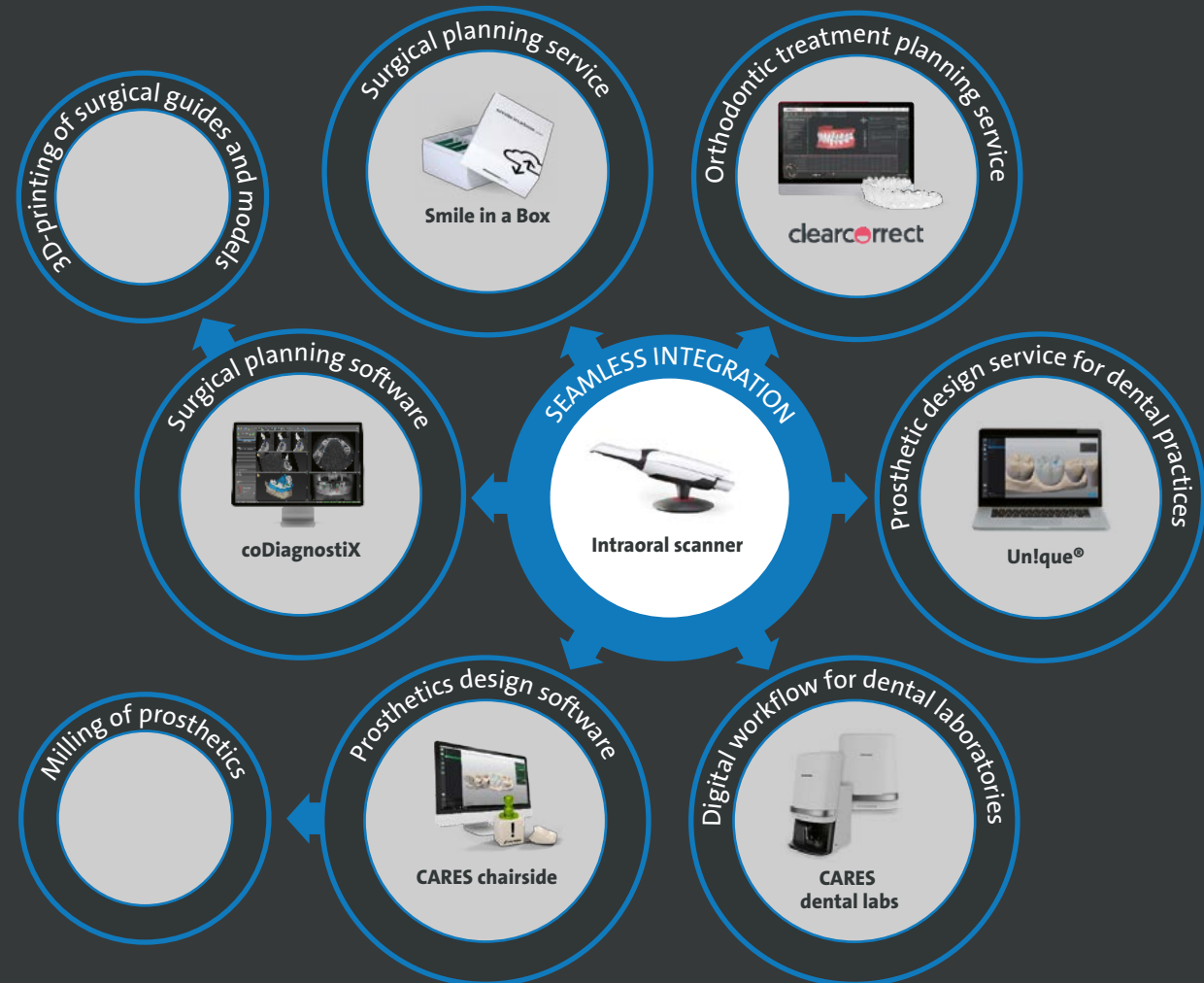
The data is also used to design the prosthetics (crowns, bridge, denture). The planning and design data are used to produce surgical guides and prosthetics – e.g. by 3D-printing and milling.

Each of these steps could involve third parties at various locations. Straumann's Smile in a Box solution brings all these workflows together to order, produce and supply all the components including implants, templates, instruments, abutments and prosthetics, which are delivered together in one box for a same-day treatment.

The same intraoral scanner might be used by another dentist in the practice to take an impression of another patient requiring orthodontic treatment, in which case the image data would be transmitted to an external planning service after which the design data are sent on to the production center to manufacture the models and aligners. The intraoral scan data would also be used by AI algorithms for monitoring the treatment progress remotely, reducing patient visits to the dentist. Managing these very different cases requires connectivity as well as powerful, convenient and reliable software.

Straumann's range of digital solutions includes the equipment, products, services, software and support to cover these and other dental workflows. Our goal is to create a leading ecosystem that brings everything together for stronger solutions, integrating workflows and systems, connecting people – patients, dentists, labs, clinics, and other providers, increasing efficiency, enhancing treatment outcomes, and creating great customer experiences.

STRAUMANN GROUP DIGITAL SOLUTIONS: A UNIQUE POWERFUL SEAMLESS ECOSYSTEM



PRODUCTS, SOLUTIONS AND SERVICES

With the vision of creating smiles and restoring confidence, our various brands have been innovating, developing and refining products and solutions for many years that address patient needs and contribute to their quality of life. Our product range includes dental implant systems, prosthetics, digital equipment and solutions, orthodontic systems, biomaterials and implant health treatments as well as materials for 3D-printing and clear aligner production. As a Group, we strive to provide total solutions across segments, enhancing convenience, raising efficiency and adding value, comfort and security for customers and patients.

To complement our range of products and solutions, we offer a broad spectrum of services through our various brands, for example:

- Surgical planning, offered in modules and supported by image analysis and diagnostics driven by artificial intelligence
- Prosthetic design and centralized manufacturing services
- Services including professional practice-oriented and individual support, tailored to the needs of a new generation of dentists, including those who have recently begun their careers
- Tools to support dentists in informing patients about treatment
- Practice-oriented training materials
- Blended learning opportunities, that combine online modules and hands-on tuition.

To provide services of this kind, our staff requires a comprehensive understanding of the dental business and our products. Extensive staff training is therefore an important aspect that contributes to our service offering.

MEETING CUSTOMER NEEDS

In line with the Group's strategic priorities to offer total solutions and to penetrate unexploited markets and segments, we introduced numerous new items and solutions at various virtual events in 2020. We began rolling them out on a country by country basis following regulatory approvals.

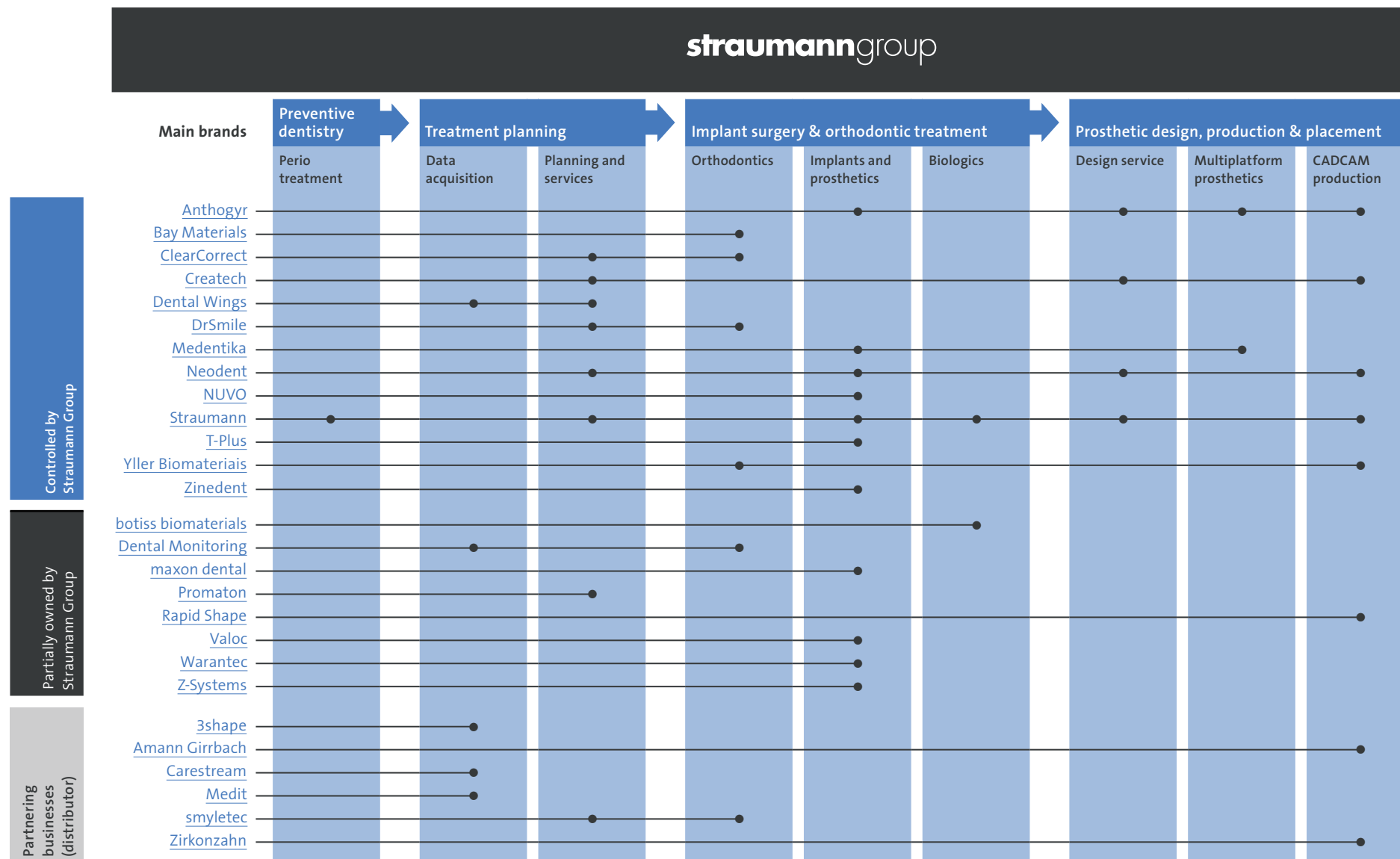
[Click here for more product information](#) 



ClearCorrect's ClearPilot software for clear aligner treatment planning was introduced in 2020, increasing convenience and time savings.



Straumann's fast growing BLX implant system.



This chart shows the Group's main brands, the degree of ownership and how they each support the dental treatment cycle from prevention and correction to replacement and restoration.

The Group's new offerings include implant systems and components, guided and non-guided surgical instruments, fully integrated digital workflows, additional edentulous solutions, more efficient prosthetics, as well as new digital and orthodontic solutions (see table below).

2020 main product launches	Intended benefit and added value for customers and their patients
Implant solutions	
Straumann RidgeFit implant (US)	<ul style="list-style-type: none"> • Immediate removable fixation for overdentures with integrated retentive element for compromised patients at affordable price point
Straumann Zygomatic implant	<ul style="list-style-type: none"> • Implant solution for partially or fully edentulous patients with severe bone loss in the upper jaw
Straumann BLX implant with SLA surface	<ul style="list-style-type: none"> • Economically priced version of BLX
Anthogyr INITIAL guided surgery	<ul style="list-style-type: none"> • Compact surgical kit for guided surgeries in an open digital workflow, designed for more efficient, less invasive, faster treatments and enhanced patient communication
NUVO	<ul style="list-style-type: none"> • Economically priced global implant brand • Very wide range of indications and workflows covered
Neodent Helix GM Ø7.0 mm	<ul style="list-style-type: none"> • Wide diameter facilitating immediate treatment in molar extraction sockets
Neodent Control Drill System	<ul style="list-style-type: none"> • Color-coded drills with stop and innovative retention system • Reduces risk of overdrilling
Neodent pre-mounted kit	<ul style="list-style-type: none"> • Instruments ready mounted in kit tray • Convenience
Neodent EasyPack	<ul style="list-style-type: none"> • Implant, healing components, hybrid analogue, and innovative 3-in-1 Smart abutment supplied in one package • Broad range of indications • Conventional and digital workflow options
Medentika new implant insertion instruments	<ul style="list-style-type: none"> • Simplified implant insertion process, additional safety
Medentika new surgical cassettes	<ul style="list-style-type: none"> • Easy cleaning process, safety
Restorative	
Straumann immediate temp abutment	<ul style="list-style-type: none"> • Easy chairside workflow for immediate temporary restoration of single implants
Straumann Novaloc TiN (US)	<ul style="list-style-type: none"> • Prosthetic fixation system with high wear resistance
Straumann NeXT screw-retained abutment	<ul style="list-style-type: none"> • Design to support immediacy workflows
Anthogyr FlexiBase plural	<ul style="list-style-type: none"> • Extension of Anthogyr's Ti-base range for CAD/CAM or conventional implant restorations • Prosthetic flexibility



A simple and meaningful improvement: Neodent's convenient EasyPack contains all the components for an implant placement, which previously had to be ordered separately.

Table continued

2020 main product launches	Intended benefit and added value for customers and their patients
Anthogyr Simeda additive manufacturing	<ul style="list-style-type: none"> • High quality, high strength customized titanium suprastructures • Design flexibility • Attractive price
Anthogyr extended solutions for removable overdentures	<ul style="list-style-type: none"> • Retentive solutions for removable overdentures • Ease of use, comfort, reliability and clinical performance
Medentika multi-unit prosthetic extension	<ul style="list-style-type: none"> • Novaloc/MedentiLoc coping • Simple adaptation from fixed to removable restoration without changing the existing multi-unit abutment
Medentika titanium coping Flex	<ul style="list-style-type: none"> • Flexibility for digital workflow • Esthetic case solutions, titanium coping for angulated screw channel
Medentika MPS line extensions	<ul style="list-style-type: none"> • Comprehensive offering to be competitive
Medentika Ti-Base portfolio completion	<ul style="list-style-type: none"> • Rotating version for MPS series • Additional gingiva height for MPS series
Neodent Ti-Base with angled screw channel	<ul style="list-style-type: none"> • Angulation up to 25° • Improved esthetics in the anterior region and improved access to retaining screw in the posterior zone
Neodent GM abutment digital workflow	<ul style="list-style-type: none"> • GM abutment titanium coping and scan body • Digital workflow for immediate restoration at abutment level
Digital	
Full integration of 3ShapeTRIOS intraoral scanners	<ul style="list-style-type: none"> • Integrated into Straumann's software for implant surgery planning, prosthetic design & milling, Smile in a Box and ClearCorrect's workflow for clear aligners
Orthodontics	
ClearCorrect ClearQuartz	<ul style="list-style-type: none"> • High-performance tri-layer material for clear aligners • Comfort, tear resistance, sustained force, optimized clarity, excellent tooth adaptation and stain resistance
ClearCorrect ClearPilot	<ul style="list-style-type: none"> • Upgraded software tool for treatment planning • Increased convenience and time savings
Biomaterials and prevention	
Straumann Emdogain MI (US)	<ul style="list-style-type: none"> • New applicator facilitates access to perio-pockets • Designed for flapless periodontal regeneration and reduced treatment invasiveness

TOGETHER STRONG IN IMMEDIACY #TogetherStrong

‘Immediacy’ covers a range of procedures in implant dentistry¹. It refers to placing an implant immediately in a tooth extraction socket and/or placing a prosthesis immediately, irrespective of whether the implant was placed in a fresh or a healed extraction site. Immediacy addresses patient expectations by shortening time to teeth, saving costs, reducing surgery and clinic visits – which is an advantage during a pandemic.

Tapered implants are central to immediacy because of their high primary stability. Our wide range (see p. 30) includes Straumann BLX, which is now available in 30 countries.

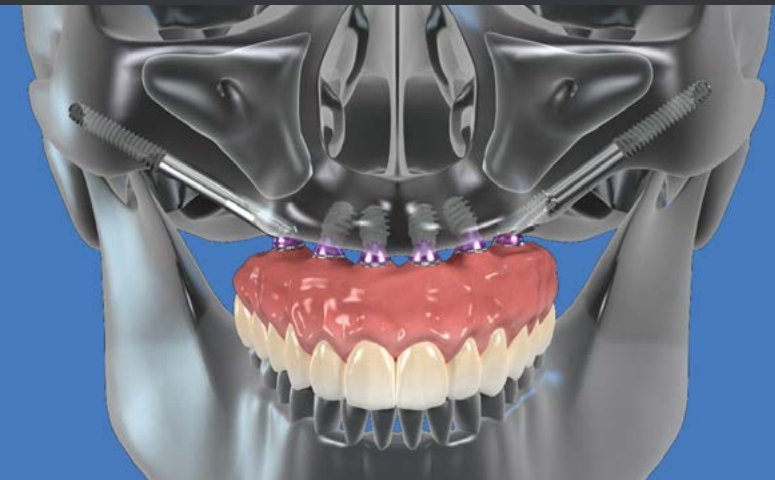
In 2020, we introduced a new zygomatic implant solution at a virtual launch event including an online symposium, interactive plenary sessions and a virtual congress booth.

Zygomatic implants differ from conventional implants in that they are anchored in the zygomatic (cheek) bone rather than the upper jaw. They are used in patients with severe bone loss, and thanks to the firm stability achievable in dense zygomatic bone, a prosthesis can usually be placed immediately. Our new zygomatic implant system complements BLX and our immediacy portfolio; it addresses the needs of specialists who use large volumes of implants in conjunction with zygomatics – usually from the same manufacturer. Straumann zygomatic implants are compatible with our bone level prosthetic portfolio. Thus they offer the advantages of our BLX and BLT prosthetic range for fixed overdentures and can be used with our coDiagnostix software to plan the implant position by computer.

The latest addition to our immediacy portfolio is TLX, which combines the neck design of our iconic Tissue Level (TL) implant – one of the longest and best-selling implants – with the innovative endosteal design of BLX, perfected for immediate protocols. The combination of high primary stability and the advantages of TL, designed for peri-implant health preservation and to simplify handling and reduce treatment complexity should bring us closer to the goal of leadership in immediacy when it comes to market in 2021. A large preclinical and clinical program began in 2019.

The ImmediaXy online campaign, launched in 2020, promotes Straumann’s broad range of solutions, including our Smile in a Box service, which supplies implants, guides, drills and prosthetics for immediacy protocols together in one pack.

1 Definition of terms as described in: Implant placement and loading protocols: A systematic review: German Gallucci, Adam Hamilton, Wenjie Zhou, Daniel Buser and Stephen Chen. 2018, Amsterdam Consensus meeting.



A full arch immediacy solution using Straumann’s zygomatic and BLX implants.

INNOVATION

Together strong in innovation

Straumann has been a leading innovator since the pioneering days of implant dentistry. Over the years it has been joined by a number of established brands with their own heritage of research and development as well as a host of young companies and partners with a passion for turning new ideas and technologies into commercial successes. Together they form a unique global powerhouse of innovation in dentistry.

COMMITMENT TO INNOVATION MAINTAINED

Despite the necessity to adapt our cost base to the lower revenue levels inflicted by the pandemic, we continued to invest in research and development in order to sustain the momentum of key innovation projects, pressing ahead with exciting pipeline projects that will bring significant benefits to patients and customers and help to drive future growth. We succeeded in commercializing several new ideas in 2020 (see p. 23 f.), creating novel approaches to launch the new products and solutions using online platforms and virtual events.

The Group's pipeline comprises strong core development projects balanced with breakthrough innovations addressing current and future trends. With the world changing faster than ever, we look at trends in our industry and beyond (e.g. patient empowerment and the emergence of subscription boxes) to ensure the relevance of our approach and to stay at the forefront of innovation with regard both to technology and business models.

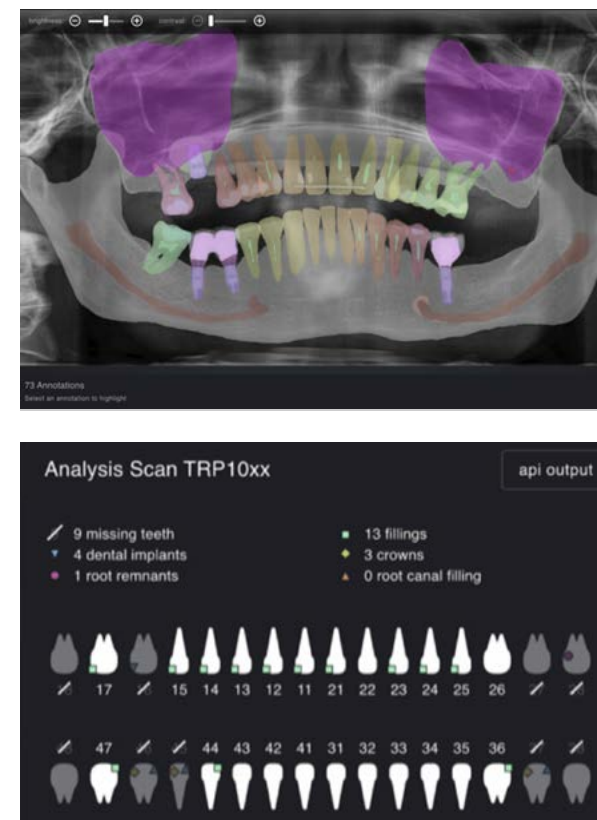
We continue to focus on exciting disruptive technologies, for example robotics and artificial intelligence, and smart device technology including wearables and tele-dentistry. Our investment in Promaton in 2020 has provided entry to the field of diagnostics assisted by artificial intelligence.

DEVELOPING AN INNOVATION STRATEGY DRIVEN BY CUSTOMER UNDERSTANDING

Staying close to customers and understanding them is a key driver of innovation at the Straumann Group. Seed ideas for innovations come from various sources both in and outside the Group. The number of ideas submitted externally through the Straumann Group Innovation Portal in 2020 was 30% higher than in previous years, with a large proportion submitted during lockdown. Internally, the Group fosters a culture of innovation characterized by the 'freedom to flourish'. The Group provides space and resources for innovation across businesses, brands, locations and functions within a centralized framework – always putting patient and customer needs center stage. In 2020, the Group explored a novel approach to stimulating, sourcing and filtering ideas on a large scale internally, which was highly successful.

BRINGING INNOVATIONS TO CUSTOMERS AND PATIENTS

The following table highlights the development pipeline projects that we worked on in 2020 with a view to launches starting in 2021.



Straumann's partner Promaton uses artificial intelligence (AI) as a diagnostic aid in image analysis. The company's Apox platform creates clinical insights from panoramic, peri-apical or bitewing x-rays. The AI can identify most dental structures and will be extended to automated detection of pathologies, reducing the diagnostic error rate.

Examples of development projects scheduled for introduction or rollout starting in 2021

Project	Key benefit target	Premium	Value
Surgical			
New implant packaging	Ease of use, enhanced customer experience		✓
SDIS 2.0	Entire Straumann dental implant system simplified	✓	
Straumann TLX	Fully-tapered soft-tissue level implant system for immediacy protocols	✓	
New implant design	Fully-tapered implant adapted for all bone density types with more dynamic engagement		✓
Guided surgery	Complete solution for all types of surgeries, with ergonomic and modular characteristics		✓
Surgical instruments	Increased flexibility for all protocols, new kit for enhanced implant placement in hard bone including a tool to mark implant placement		✓
Ceramic portfolio extension	Highly esthetic, metal-free advanced implant design and novel production technology	✓	✓
Prosthetics			
CADCAM implant-borne prosthetics portfolio evolution	Enhanced CADCAM portfolio to attract new customers and improve customer experience	✓	✓
MPS portfolio	Extended portfolio covering more 3rd party systems; attractively priced alternatives; broader availability		✓
Prosthetic innovation	Additional prosthetic concepts tailored to digital immediacy workflows	✓	✓
Ti-base portfolio	Extends multi-implant offering, including angulated solutions for conventional and CADCAM workflows; portfolio additions and line extensions	✓	✓
Edentulous			
Zygomatic implants	Immediate, graftless implant solution for edentulous patients with severely atrophied mandibular bone	✓	
MPS portfolio	Less invasive and shorter procedures (immediacy), additional indications		✓
Edentulous solution offerings	Patient-centric approach with a broad choice of fixed and removable options, mini implants, focus on immediate procedures	✓	
Orthodontics			
Software	Automatic assessment of patient's oral health, aligner treatment acceptance tool, software upgrades, add-on tools, supporting clinical collaboration and treatment plan approval, case management in IOS software	✓	
Whitening solution	Add-on product for complete esthetic solution	✓	
Hybrid solution aligner	Treatment of complex cases	✓	
Improved clear aligner material	Patient comfort, esthetics, shorter treatment	✓	

Table continued

Project	Key benefit target	Premium	Value
Digital dentistry			
Integrated planning and design service	Add-on central service for finalized tooth or implant-borne restorations	✓	
CADCAM materials	Full range of materials for labs and dentists, additional material options in centralized milling service	✓	
New 3D printer	Next generation technology	✓	
3D printer resins	Portfolio extension	✓	✓
Scanning technology	Portfolio extension serving labs and practices	✓	
Planning software	Enhanced surgical planning	✓	
AI	Advanced diagnostics and treatment planning automation	✓	
Biomaterials			
Periodontal pocket treatment	Minimally invasive, easy to perform	✓	
Novel regeneration system	Controlled degradation time, reduced invasiveness and reduced chair time	✓	
Implant health			
Surface technology	New coating helping to maintain healthy mucosa		✓
Treatments for peri-mucositis	Innovative portfolio aimed at long-term success in peri-mucositis	✓	

MARKETS

Penetrating attractive global markets that offer significant growth opportunities

THE GLOBAL DENTAL SUPPLY AND EQUIPMENT MARKET

The dental supply and equipment market is an attractive subsector of the medical device sector and ranges from instruments, adhesives and filling materials to imaging hardware and practice equipment. It also includes specialty segments like implant dentistry, endodontics, biomaterials, CAD/CAM equipment, prosthetics, and orthodontics. The total dentistry market was valued at more than CHF 23 billion in 2020¹. In the course of the year, the market went through an acute short-term decline as the COVID-19 pandemic forced dental practices around the globe to close during lockdown. Notwithstanding, the drivers of mid- and long-term market growth remain valid and include the aging and growing population, increasing prosperity, awareness of oral health and esthetics, and innovation.

IMPLANT DENTISTRY

The Straumann Group's core market is implant dentistry², which is estimated to be worth approximately CHF 4 billion globally³. Based on available data (not all company reports were available at time of writing), we estimate that it contracted by 10 to 15% in 2020 due to the short-term impact of COVID-19. Having continually outperformed for several years, we further strengthened our position in 2020 – despite the challenges and thanks to the speed of our response to the pandemic crisis. We believe that we increased our market share to

approximately 27% and continue to lead the global implant market. Close to three quarters of the market are 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 non-premium segment. The latter has been growing faster than premium, due to the increase in manufacturers, the lack of reimbursement schemes, and stronger growth in emerging markets, where procedure prices and disposable income are lower. Non-premium brands collectively account for approximately half of the worldwide implant market in value terms.

We believe that we increased our market share and continue to lead the global implant market.

Having focused exclusively on premium implants, Straumann entered the non-premium segment in 2012. Having acquired various brands in the meantime, the Group now offers a broad range of solutions in both the challenger and eco price segments. Today we have a leading position in the

Dentistry market overview 2020

Total dentistry

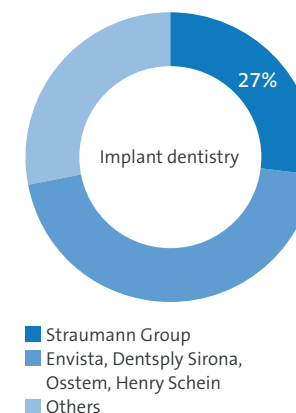
CHF >23bn Market

#6 Straumann position

Implant dentistry market overview 2020

CHF 4bn Market

#1 Straumann position



non-premium segment, although we estimate our market share to be just above 10%, indicating that we have ample opportunity for growth in the coming years.

THE TAPERED IMPLANT SEGMENT

Dental implants are distinguished by their shape. Tapered implants offer high primary stability and are the preferred choice of many clinicians in extraction-socket indications and immediacy protocols or when patients have a soft bone morphology. Patients value immediacy solutions for quick results, convenience and safety through fewer practice visits. More than 80% of dental implants sold in 2020 were tapered. Parallel-walled implants, on the other hand, are valued for their periodontal performance and have been documented for more than 30 years. The Straumann brand dominates this category, while other brands in the Group, like Neodent and Anthogyr, have a longer tradition in the tapered segment, where they occupy a solid position.

In 2014, Straumann entered the premium tapered segment with its apically-tapered BLT implant, followed in 2019 by its fully-tapered BLX implant, which has spurred growth and enabled us to outpace the market. BLX has now been rolled out in key geographies and, together with BLT, Neodent Helix GM and Drive GM, Anthogyr Axiom PX, and Medentika Quattrocone, provides the Group with a formidable portfolio of fully and apically tapered implants. We believe that, with this broad range and our strong pipeline, we should be able to win further market share in the fastest growing implant segment and become the leading provider of immediacy solutions – which was hardly imaginable a few years ago, when our fully-tapered offering comprised just a single non-premium design.

CONSIDERABLE POTENTIAL

Following the acute decline during lockdown, the implant market began to recover as practices were able to re-open. However, there is still some uncertainty about when it will return to pre-COVID

BLX has spurred growth and enabled us to outpace the market.

Unparalleled range of immediacy solutions



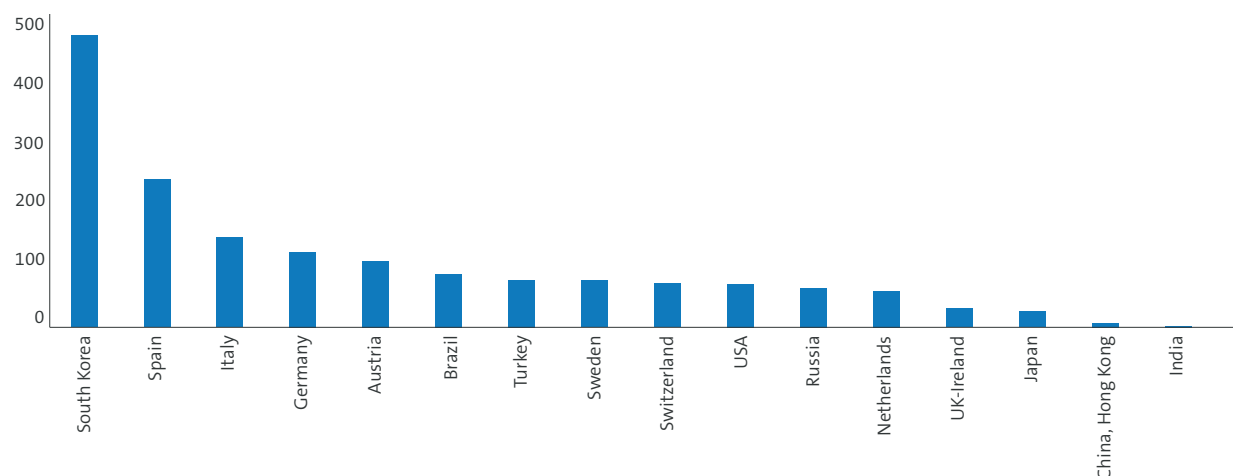
growth rates because the near-term economic outlook is unpredictable. Implant dentistry is an elective procedure that is rarely reimbursed. It thus relies on disposable income and consumer confidence. Despite the near-term uncertainty, the following principle growth drivers of implant dentistry remain valid:

- demographics – in an 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 – the trend in people choosing cosmetic treatments and dental implants is growing and consumer expectations are rising.

Implant dentistry is expected to continue outpacing the overall dental market. In the world's largest dental market, the US, more than 120 million people are missing at least one tooth⁴, yet just about one and a half million are treated each year⁵ (corresponding to 2.7 million implants). This is low, both in absolute terms and in comparison with other countries. As the chart below shows⁶, we believe that the number of patients treated per 10 000 adult population in the US is only half that of Italy and only a third of that of Spain, two of the largest European markets. This exemplifies the considerable growth potential. Penetration in other highly populated countries like the UK, India, China and Japan is also clearly below average, offering strong upside potential in the coming years.

Implant dentistry is expected to continue outpacing the overall dental market.

Implant penetration: Patients treated annually
per 10 000 adult population



With very few exceptions, tooth replacement is an out-of-pocket expense. In South Korea, reimbursement was gradually introduced for senior citizens in 2014. This, together with the fact that more than 70% of the dentists in the country place implants, explains the high penetration rate. By contrast, large economies like China and India remain heavily underpenetrated due to a lack of qualified dental professionals.

BIOMATERIALS

The Straumann Group is also active in the global market for oral biomaterials, which include bone augmentation materials, membranes, fleeces, sponges and soft-tissue regenerative products. As biomaterials are used in a large proportion of dental implant procedures, market growth is linked to that of implant and bone-ridge preservation treatments (although biomaterials are less commonly used in conjunction with mini and short implants and in immediacy protocols).

In 2020, the worldwide market for oral biomaterials was estimated to be worth more than 500 million⁷. In recent years, the Group has significantly expanded its biomaterials franchise through partnerships (e.g. with botiss, Genoss and Nibec) and today is a top-five global player in this market.

CADCAM EQUIPMENT

Developments in digital hardware have made it possible to design and create dental restorations including abutments, crowns, bars, and bridges (all commonly referred to as prosthetics) using computers, saving time, increasing accuracy and enhancing esthetic outcomes. Digital workflows are becoming increasingly important for clinicians, dental technicians and patients. We estimate that the global market for dental CAD/CAM equipment, which comprises optical scanners as well as milling and 3D-printing equipment, was worth more than CHF 1.5 billion in 2020⁸, including new installations, upgrades and replacements.

Dental CAD/CAM systems fall into three categories:

- chairside systems, where scanning, design and manufacturing are all performed in the dental practice

- in-lab systems for scanning, design, and manufacturing on medium-sized milling machines or 3D printers
- central manufacturing, in which practice and lab scanners connect to an external center that uses large-scale milling and 3D-printing equipment.

Straumann has been an established player in the centralized milling segment for more than a decade and entered the lab and chairside milling segments in 2016. Penetration of the latter is still modest in spite of the speed, convenience and patient acceptance of intraoral scanning. Even in advanced markets, like the US and Germany, less than a third of dental practices use intraoral scanners and few have invested in chairside milling systems, which indicates the large potential for growth in this segment. By contrast, many dental labs have gone digital and have invested in digital production equipment and systems.

3D-printing technology is advancing rapidly in the dental field e.g. for producing models, surgical guides and temporary prosthetics. In recent years, Straumann has strengthened its position in this market through partnerships and acquisitions (e.g. RapidShape and Yllar).

We are convinced that the future of dentistry lies in digital workflows. Technology and software are evolving rapidly and there are clear signs of digital transformation. The pandemic has accelerated this trend, especially in the adoption of intraoral scanners, to offer increased safety, treatment efficiency, and enhanced patient experience. Intraoral scanners are becoming more and more intuitive and versatile and will become the gateway to the digital dental universe. We estimate that, in the US today, more than 80% of case submissions for clear

In recent years, the Group has significantly expanded its biomaterials franchise and today is a top-five global player.

We are convinced that the future of dentistry lies in digital workflows.



Surveys show that patients are increasingly willing to invest in treatments that not only restore function, but also improve appearance.

aligners are digital (intraoral scans), 50% of dental labs use CAD/CAM and nearly all larger labs accept digital scans from dentists. More than 80% of larger labs have a complete CAD/CAM system including scanner, milling system, and sintering furnace⁹ because they have the necessary financial resources and high throughput. This is why we are constantly developing our range and offer an integrated, open architecture portfolio with leading scanning and milling technology and 3D-printing. All are supported by cutting-edge software and validated workflows that cover the tooth-replacement and orthodontic spectrum.

CUSTOM PROSTHETICS

The market for custom-made prosthetics is estimated at almost CHF 4 billion⁸ annually and comprises crowns, inlays, onlays, bars and bridges designed by computer and manufactured with a milling machine or an additive process (e.g. 3D-printing). Tooth-borne restorations, such as single crowns, inlays and small bridges, account for the largest part. While CAD/CAM production is growing strongly, most crowns and bridges are still porcelain-fused-to-metal or press ceramics made in a time-consuming manual process. Market research⁹ indicates that general dentists usually obtain CAD/CAM crowns and bridges from local labs, and most use models or impressions to order the restorations.

This segment is expanding due to the increase in local laboratories offering CAD/CAM services and the growing popularity of individualized prosthetics, which have esthetic and clinical advantages over traditional pre-fabricated abutments and custom castings. Another driver is the popularity of cost-effective titanium-base implant abutments, like Straumann's Variobase, which allow customers to produce their own prosthetics through an open software platform, while still ensuring an original-on-original interface between the implant and the abutment.

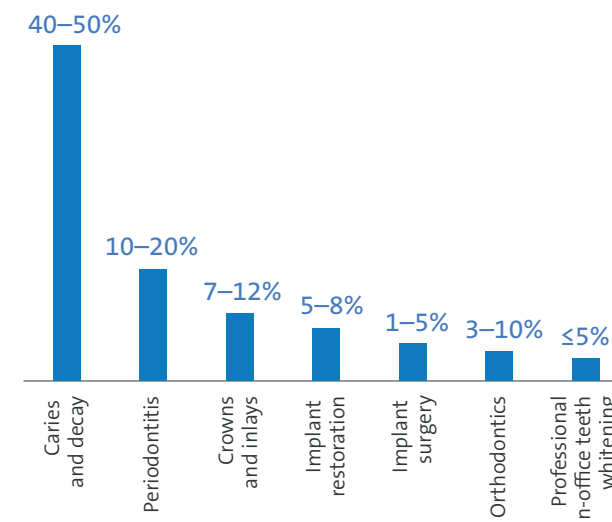
Internal and independent surveys show that patients are increasingly willing to invest in treatments that not only restore function, but also improve appearance. CAD/CAM makes it possible to use strong, highly esthetic translucent glass ceramics or hybrid materials and Straumann competes in the materials market with its innovative proprietary glass ceramic, nIce.

DYNAMIC CLEAR ALIGNER MARKET

Occlusal misalignment, functional disabilities and desire for esthetics are reasons why patients seek orthodontic treatment. Approximately two of every three adults in the US have noticeable incisor irregularities and about 20% of the US population have deviations from the ideal bite relationship¹⁰. Despite the high need for treatment, only four million people in the US are estimated to wear orthodontic braces and only 1–1.5 million clear aligner cases started in 2020. Elsewhere, penetration rates for clear aligners are considerably lower.

According to conservative estimates, 50–60% of all patients with misaligned teeth could theoretically be treated with clear aligner solutions, indicating the significant potential of this market.

Percentage of patients treated by general dentists by indication



Source: Straumann proprietary GP survey in US, DE, IT, and UK; sample size >200 dentists.

In 2020, the global market for clear aligners was estimated to be worth approximately CHF 3.5 billion¹¹. It represents one of the most attractive areas in dentistry by virtue of its dynamic growth and the significant advantages of clear aligners over conventional wires and brackets, including appearance, patient compliance, cleaning, teeth stains and convenience. In addition, research shows a strong preference for clear aligners among adult patients. Growing awareness of these advantages among dentists and patients (through direct-to-consumer marketing activities) as well as broader availability (through general dentists) will lead to higher penetration rates.

Prior to COVID-19 the market was growing at around 20%. In 2020, it was almost flat due to the lockdown interruptions. Recovery in the second half of the year was fast as practices re-opened and teledentistry facilitated remote treatments with clear aligners. While subdued consumer confidence may inflict some short-term impacts, clear aligners offer significant potential as one of the most attractive areas in dentistry.

We entered this attractive field in 2017 by acquiring ClearCorrect. We also acquired 38% of Genova, a small entrepreneurial company in Spain, which has pioneered an innovative hybrid approach combining the advantages of clear aligners with the benefits of conventional braces and brackets. Partnerships and acquisitions remain a key to building our orthodontics franchise: in 2018, we invested in and partnered with Dental Monitoring, a pioneer of remote monitoring systems. In 2019, we formed a partnership with ZhengLi Technology to enter the Chinese clear aligner market. In 2020, we invested in DrSmile, an entrepreneurial company that complements our clear aligner business with valuable direct-to-consumer marketing expertise.

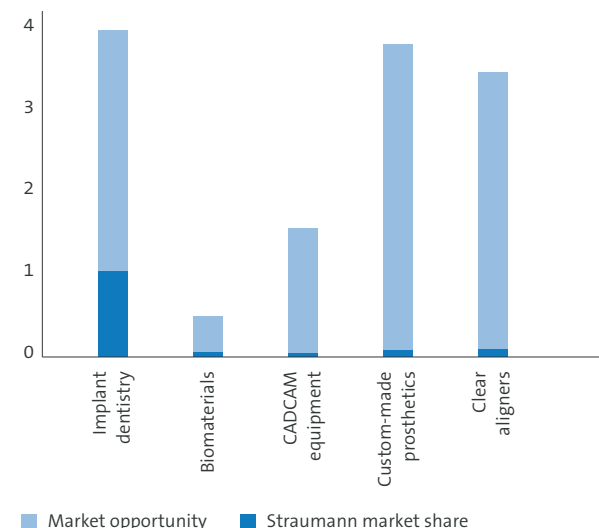
ADDRESSING MARKETS WORTH MORE THAN CHF 12 BILLION

Having concentrated on premium parallel-walled implants for many years, we have significantly broadened our scope through internal development, expansion, acquisitions, investments and partnerships, with the goal of offering complete solutions in tooth replacement and esthetic dentistry. As a result, our addressable market has expanded significantly to more than CHF 12 billion (see chart on the right) and offers significant growth opportunities.

Notes and references

- 1 Industry reports, Straumann estimates.
- 2 The implant dentistry market segment includes implant fixtures, abutments, temporary abutments, healing screws, copings and related instruments.
- 3 iData, Decision Resources Group and Straumann bottom-up estimates in 70 countries.
- 4 American College of Prosthodontists.
- 5 Straumann proprietary survey.
- 6 Population reference bureau, Straumann data & estimates.
- 7 Decision Resources Group and Straumann bottom-up estimates in 70 countries.
- 8 Decision Resources Group, SmarTech publishing, Straumann proprietary survey & estimates.
- 9 The Key Group.
- 10 Profitt et al. 1998; NHANES III.
- 11 Industry reports, Straumann bottom-up estimates in >40 countries.

Large potential in markets worth more than CHF 12 billion
in CHF billion



Note: Implant dentistry and custom-made prosthetics markets both include CAD/CAM abutments.

BUSINESS PERFORMANCE

Group

SOLID RESULTS ACHIEVED DESPITE CHALLENGING YEAR

Considering the significant disruptions caused by the pandemic in 2020 and taking the record-level results from 2019 as a comparison, the Straumann Group achieved solid results in 2020. In organic terms revenue dipped 6%. Strong currency headwind widened the gap to 11% in Swiss francs as revenue reached CHF 1.4 billion. After a promising start, business came to a halt in the second quarter as dental practices closed. As lockdown eased, growth returned in the second half, lifted by pent-up demand but not enough to make up completely for the earlier shortfall. By year-end, organic growth had returned to all regions.

BUSINESS PERFORMANCE

By business, the Group's non-premium-implant franchise as well as its digital and orthodontics businesses all achieved full-year organic growth, the latter reporting the highest full-year increase, lifted by DrSmile in Germany. Premium implant solutions, the largest revenue driver, were constrained by the pandemic's impact on affluent markets, which are predominantly premium. Notwithstanding, sales of new products like Straumann's innovative BLX implant were strong and led to share gains, for example in the immediacy segment. Of the Group's challenger brands, Neodent sales increased year on year, while Medentika grew through the crisis to post strong full-year results. Both brands performed well in emerging markets and, together with digital equipment, played an

important part in the continuing success of the Group's DSO business, which also reported full-year growth.

ACQUISITIONS TO EXPAND REACH AND SECURE TECHNOLOGY AND SERVICES

The Group completed two business combinations in 2020 (see p. 37 and Note 2.1 on p. 140). To complement its orthodontics business, it acquired a 75% stake in DrSmile, a specialist in consumer marketing of clear aligner solutions, and it acquired the business of Artis Bio Tech, a distributor of dental implant systems in Romania. Collectively, these combinations contributed 170 base points to the topline result. The Group also invested in Promaton, a company working on artificial intelligence applications to support diagnosis and treatment planning.

OPERATIONS AND FINANCES

To facilitate a like-for-like comparison, The Group presents 'core' results in addition to the results reported under IFRS. In 2020, the following effects (after tax) were defined as non-core items:

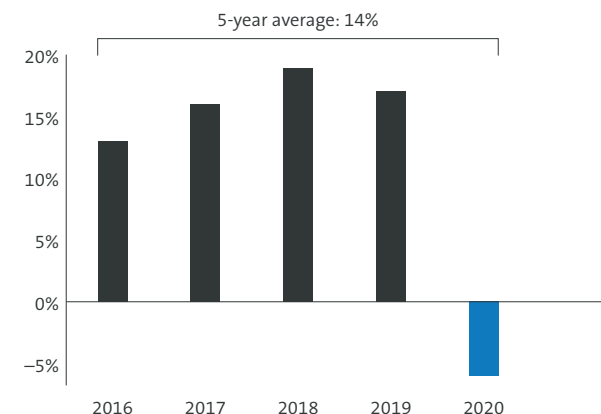
- the amortization of acquisition-related intangible assets amounting to CHF 9 million
- charges totaling CHF 150 million resulting from impairments, triggered by COVID-19, of financial and non-financial assets, including Createch, Dental Wings and Equinox
- the total non-recurring restructuring costs related to resizing the global workforce, which amounted to CHF 15 million

Key performance figures

	2020	2019
	Core ¹	Core ¹
Revenue (CHF m)	1426	1596
Gross profit margin (%)	72.8	75.6
EBITDA margin (%)	29.5	31.6
EBIT margin (%)	23.4	27.1
Net profit margin (%)	18.3	21.2

1 To facilitate a like-for-like comparison, the Group presents 'core' results in addition to the results reported under IFRS – please see 'Operations and Finances' section in the text to the left.

Organic revenue growth



- pension plan amendment gains of CHF 5 million to the core result.

A reconciliation table is shown on [p. 126](#) of the Financial Report.

CORE GROSS PROFIT SQUEEZED BY VOLUMES BUT MARGIN PRESERVED ABOVE 70%

In response to the global pandemic and the new economic reality, the Group quickly adjusted capacity, reduced operating expenses and postponed investments, helping to soften the impact of the significant decline in revenue on profitability. Gross profit was CHF 169 million less than in the prior year and the corresponding margin dropped 280bps to 73%. Excluding the currency impact the margin decline was approximately 190bps.

CORE EBITDA MARGIN UNDERPINNED AT 30%

Cost reductions in other areas also helped to cushion impact on earnings. Distribution expenses, which comprise sales-force salaries, commissions, and logistics costs, were reduced by CHF 38 million to CHF 283 million, while administrative expenses, which include research, development, marketing and general overhead costs, were reduced by CHF 20 million to CHF 441 million. The combination of these efforts helped to underpin the operating result at CHF 333 million (CHF 421 million before interest, tax, depreciation and amortization).

The cost savings have not compromised the Group's ability to innovate, manufacture, supply and sell winning solutions. The EBITDA and EBIT margins contracted 210bps and 370bps to 30% and 23% respectively. Approximately 160bps of the contractions were due to currency headwind.

CORE NET PROFIT MARGIN REACHES 18%

Net financial expenses amounted to CHF 31 million, mainly reflecting currency hedging losses, interest payments and interests on lease liabilities. With the share of result of associates almost in line with the prior year, and after income taxes of CHF 40 million, net profit decreased 23% to CHF 261 million, resulting in a margin of 18%. Basic earnings per share dropped 24% to CHF 16.20.

Including purchase price allocation amortization, impairments, restructuring charges, pension plan amendment gains and their collective impact on income taxes, the reported net result was CHF 92 million.

The cost savings have not compromised the Group's ability to innovate, manufacture, supply and sell winning solutions.

FREE CASH FLOW REACHES CHF 295 MILLION

Cash flow from operations amounted to CHF 377 million. The combination of reduced receivables, fairly stable payables and increased inventories led to a net working capital decrease of CHF 39 million. In consolidated reporting currency terms, days of sales outstanding decreased by 10 to 47, and days of supplies decreased by 15 to 160. Net interest payments including those on lease liabilities amounted to CHF 12 million.

As of Q2, several projects were interrupted/postponed, reducing capital expenditure by CHF 68 million compared with the prior year. With the Group's production expansion and strategic acquisition initiatives continuing, total cash outflow for investment activities amounted to CHF 145 million, 39% less than in 2019.

To refinance a maturing bond and to secure liquidity for general corporate purposes through the period of increasing uncertainty, the Group issued two straight bonds, the first in April, amounting to CHF 280 million and the second in June, amounting to CHF 200 million, in addition to obtaining committed credit lines.

The cash position on 31 December 2020 was strong at CHF 632 million, in contrast to a cash position of CHF 260 million at the beginning of the year. The Group's balance sheet amounted to CHF 2.5 billion versus CHF 2.4 billion at the end of 2019.

STABLE DIVIDEND PROPOSED

Based on the results in 2020, the Board of Directors proposes a stable dividend of CHF 5.75 per share, payable on 15 April 2021, and intends to continue increasing the dividend in the future, subject to further good performance.

SUMMARY OF MAIN INVESTMENTS

INVESTMENTS IN ESTHETIC DENTISTRY

We obtained a majority stake in DrSmile, one of the fastest-growing providers of orthodontic treatment solutions in Europe. DrSmile combines direct-to-consumer (DTC) marketing expertise with doctor-led treatment and complements our existing clear aligner business. The investment to obtain a stake of approximately 75% amounted to CHF 37 million. Further payments are expected to follow in the coming years.

INVESTMENTS IN GEOGRAPHIC EXPANSION

In Romania, we acquired the business of Artis Bio Tech, a well-established national distributor of dental implant systems. The business significantly strengthens our local subsidiary, which opened in April 2020, increasing proximity to existing customers and creating opportunities to convert new customers from competitor systems to Straumann Group brands. The investment amounted to CHF 5 million and further payments are expected to follow in the coming years.

INVESTMENTS IN TECHNOLOGY PARTNERS

In the first half of 2020, we invested in Promaton, a start-up software company working on artificial intelligence applications to support diagnosis and treatment planning. The investment to obtain a minority stake amounted to CHF 3 million. Further payments are expected to follow in the coming years.

INVESTMENTS IN INFRASTRUCTURE

Despite the pandemic, we invested CHF 56 million in land, buildings and machinery, mainly to increase production capacity in Switzerland (Straumann plant expansion), Germany (new Medentika plant and Clear Correct clear aligner production), Brazil (various projects) and the US (various projects). Together with investments in IT hard and software and in other fixed assets, capital expenditures reached CHF 82 million.

OTHER INVESTMENTS

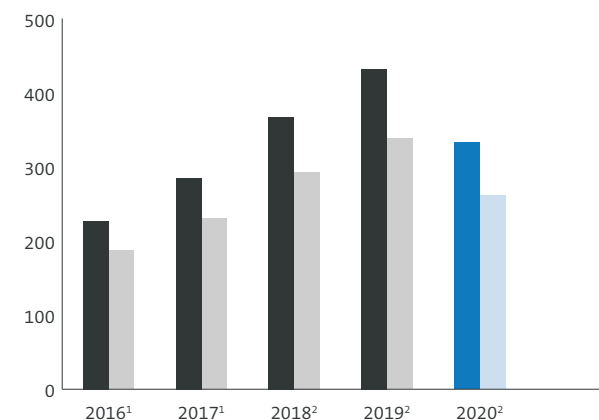
Information on investments in distribution (including selling activities, research and development) as well as tangible and intangible assets, are presented in the financial report. Investments in people are covered in the sections on Employees and Compensation (see p. 65 ff.).

Business investments in 2020

Entity	Location	Stake	Rationale
Artis Bio Tech	Romania	100%	Take over distributor in market where 120K implants are placed per year
DrSmile	Germany	74.9%	Enter fast-growing DTC segment for doctor-led clear aligner treatment
OxiMaTec (agreement signed 2020, completion 2023)	Germany	100% in 2023	Secure access to ceramics expertise and supply
Promaton	Netherlands	49.1%	Gain expertise in artificial intelligence applications, support treatment planning

Operating and net profit

in CHF million



■ Operating profit (EBIT)

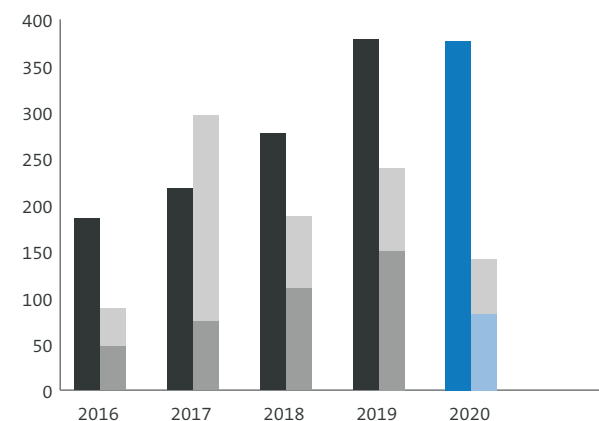
■ Net profit

1 Excluding exceptionals

2 Core

Cash flow and investments

in CHF million



■ Operating cash flow

■ Capital expenditure

■ Acquisitions & participations

BUSINESS PERFORMANCE

Regions

The dental markets contracted across all regions in 2020 due to the corona virus lock down. The timing and extent of the impact varied from region to region and country to country. All our regions suffered most in the second quarter, except for APAC, where the impact came earlier. APAC was also the

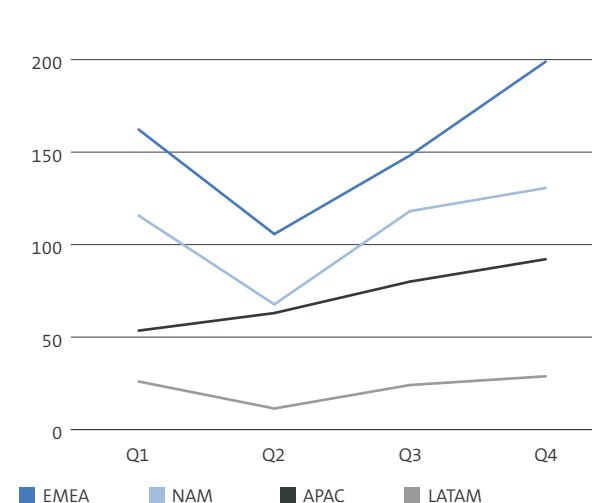
first to rebound and consequently led our performance, posting organic revenue just short of the prior year. The other regions picked up in the second half but were not able to reach the record revenue levels achieved in 2019. EMEA continued to be the largest contributor, lifted by emerging markets.

Regional sales performance by quarter
in CHF million

	Q1	Q2	Q3	Q4	Total 2020	Total 2019
Europe, Middle East & Africa	162.2	105.7	148.2	198.9	614.9	670.2
Change in CHF %	+0.9	-39.3	+3.9	+3.2	-8.3	14.0
Change (organic ¹) in %	+0.1	-38.0	+7.4	+5.9	-6.6	13.4
North America	115.7	67.7	118.1	130.6	432.0	481.6
Change in CHF %	+4.9	-43.7	+0.9	-2.7	-10.3	21.7
Change (organic ¹) in %	+7.7	-41.6	+8.8	+5.3	-5.2	19.8
Asia/Pacific	53.5	63.0	80.0	92.1	288.6	304.5
Change in CHF %	-25.5	-16.4	+4.9	+13.6	-5.2	21.1
Change (organic ¹) in %	-22.1	-11.7	+11.0	+17.9	-0.5	21.5
Latin America	26.0	11.4	24.1	28.8	90.3	139.9
Change in CHF %	-12	-70.0	-31.4	-22.5	-35.4	9.0
Change (organic ¹) in %	+7.2	-60.3	-4.5	+2.9	-15	16.8
TOTAL	357.3	247.7	370.4	450.4	1425.9	1596.2
Change in CHF %	-4.0	-39.2	-0.2	+1.2	-10.7	17.1
Change (local currencies) in %	+1.9	-34.5	+8.3	+8.9	-3.9	19.6
Change (organic ¹) in %	-1.4	-35.9	+7.7	+7.7	-5.6	17.1

1 Excluding the effects of currencies and acquisitions (mainly Anthogyr and DrSmile).

Regional sales performance by quarter
in CHF million



Europe, Middle East & Africa

Outperforming and gaining share in a declining market

Our largest region reported a single digit decline in organic revenue reflecting the impact of the pandemic throughout the region especially in big markets like Italy, Spain, France and the UK. In the largest market, Germany, clinics remained partially open throughout the crisis, helping to stabilize sales and resulting in full-year growth.

Following a good start to the year, revenue declined rapidly towards the end of Q1 and did not return to growth until late in Q2. Treatment backlogs and pent-up demand fuelled the improvement and most major markets had returned to growth in Q4, although they continued to struggle. Emerging markets like Russia and Turkey performed strongly throughout the year. An additional contribution to sales came from Romania, where we established our own subsidiary and subsequently acquired Atios Bio Tec, a strategically important distribution company.

Within the implant market, the contraction was more evident in the premium segment although the premium immediacy sub-segment proved more resilient, driven by Straumann's BLT and BLX implants. Our non-premium business benefitted from the sustained growth of Medentika, the continuing rollout of Neodent and the launch of NUVO in initial markets.

As digital transformation accelerated globally, sales of digital equipment – mainly intraoral scanners – increased in the region, enabling our digital business to post growth for the full year.

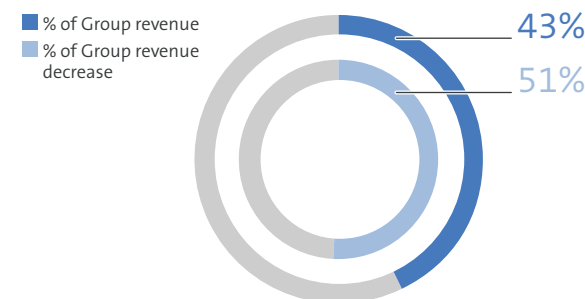
Despite disruptions to the rollout program, clear-aligner sales were also promising, boosted by the acquisition of DrSmile, a fast-growing provider of clinician-led aligner treatment driven through direct-to-consumer channels. We also invested in clear aligner production, opening a European manufacturing center in Germany.

The aforementioned activities reflect our strategy to penetrate unexploited markets and segments. Apart from rollouts, online marketing efforts and production capabilities, we continued to invest in preparing for the new European Regulation for Medical Devices and obtained MDR certificates for the full range of Institut Straumann's dental-related products.

EMEA region



EMEA Contribution to Group



Change organic

-7%

Change in CHF

-8%

Revenue in CHF

615m

Largest regional markets

1. Germany
2. Spain
3. France

North America

Further customer gains

North America achieved 90% of the exceptional revenue level reported in the prior year. 2020 began with double-digit growth through to mid-March, driven by Straumann premium implants, Neodent and the digital business. Lockdown completely interrupted the trend but business began to recover in June as the situation eased and practices returned to business. Pent-up demand for implant and restorative solutions brought revenue back to growth in Q3, which continued in Q4.

Excluding the second quarter, the premium and non-premium implant franchises both grew, the latter outpacing the former, driven mainly by Neodent and its popularity with dental service organizations. Our challenger brands enabled us to convert customers from competitors as did Straumann BLX, which was in strong demand. The new Zygomatic implant system (see p. 25), which entered limited market release, will support this trend. To penetrate the market at the lower end of the price scale, we launched our new implant brand, NUVO, in the US towards the end of the year.

Our digital equipment sales were encouraging and grew throughout the year, as dentists increasingly adopt new technologies, especially intraoral scanning, but also milling equipment and 3D-printers.

ClearCorrect had to compete in a tough market that is increasingly driven by direct-to-consumer approaches. Although it achieved good full-year growth it was still short of its pre-pandemic rate. The introduction of our new high-performance material ClearQuartz (see p. 43) and the full integration with TRIOS intraoral scanners will support sales growth going forward.

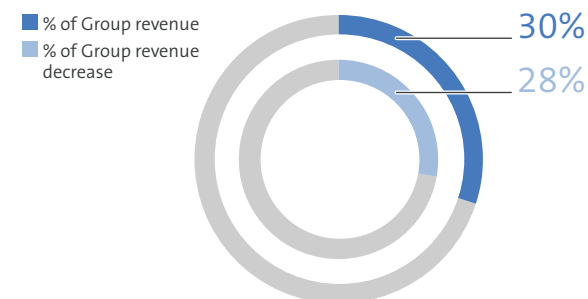
To make up for the cancellation of congresses and meetings, we went online, attracting large audiences to our corporate forum, virtual booths and other events, including a three-week master class on immediacy and Straumann BLX, which drew 7000 attendees.

Based on company sales reports and estimates we believe that we became the dental implant market leader in the US in 2020, a goal that we have sought for many years.

NAM Region



NAM contribution to Group



Change organic

-5%

Change in CHF

-10%

Revenue in CHF

432m

Largest regional markets

1. USA
2. Canada

Asia/Pacific

Leading the rebound with multiple launches

APAC rebounded strongly in the second half of the year after a difficult first half of declining revenue. By year-end nearly all the main countries had returned to solid growth, lifting full-year revenue close to the prior year level.

Although China was the first country to be affected by the virus, it recovered well and, despite the heavy impact, generated close to the record level of revenue achieved in 2019. Australia, Japan, New Zealand, Taiwan and Thailand all reported full-year growth, albeit modest, while India and Korea continued to recover.

Implant sales were driven by premium and non-premium brands. The latter generate substantially less revenue but are growing faster, lifted by Neodent, which gained ground in Australia, India, Japan, Thailand and Vietnam. Sales of intraoral scanners also increased significantly, especially Carestream models, which Straumann distributes in China.

Despite lockdowns and disruption, the region successfully brought a number of exciting new products and solutions to market. China launched Straumann's high strength material Roxolid in the premium implant segment and introduced

Warantec and T Plus implants to strengthen our foothold in the lower value segment. Japan, Australia and New Zealand all launched Straumann's innovative BLX implant. ClearCorrect pilots began in several markets ahead of launches in the region in 2021. Preparations were also made to launch our xenograft bone graft material in China.

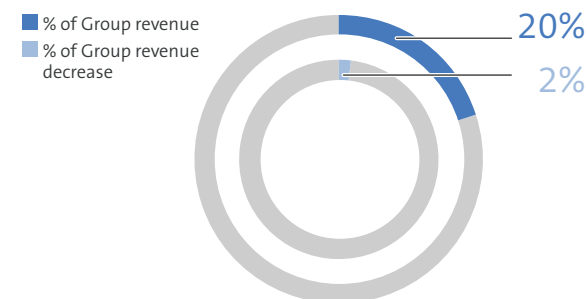
The launch of Neodent in India enabled us to provide high quality, cost-effective implant solutions that offer simplicity, broad prosthetic options and digital workflows. These advantages enabled us to discontinue the Equinox brand.

Lockdown restrictions and the cancellation of key events like the ITI World Symposium in Singapore inspired the region to intensify its online activities to attract, inform and educate customers. These include virtual symposia (e.g. to launch Roxolid). The success of our online outreach was also reflected in growing digital equipment sales, especially in China, where demand for intraoral scanners and CAD/CAM solutions grew substantially.

APAC region



APAC contribution to Group



Change organic

-1%

Change in CHF

-5%

Revenue in CHF

289m

Largest regional markets

1. China
2. Japan
3. Korea

Latin America

Continuing to meet customer needs

The year started well in Latin America, but the combined impact of COVID-19 and a very strong negative currency impact cut revenue by 70% in the second quarter. Brazil, which is by far the largest market for esthetic dentistry in the region, contracted as its major cities shut down. However, the Group's 17 stores and distribution centers around the country remained open, enabling customers to purchase and obtain products for treatments on the same day. This was a key advantage that attracted customers who were unable to obtain supplies from other companies.

Argentina and Chile shone with full-year growth, but the other countries all posted double-digit decreases despite significant recoveries and promising finishes to the year. In each of them we continued to win share by outperforming the market.

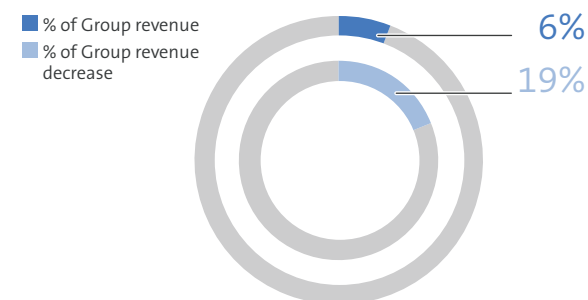
Neodent was the main contributor to regional sales, lifted by the rollout of ClearCorrect and Straumann's competitively priced Virtuo Vivo intra-oral scanners. Yllcr Biomaterials reported good growth, reflecting the demand for 3D-printing resins, which is expected to increase as this innovative technology is extended to producing aligners and temporary restorations in future.

Education courses are a good source of revenue that the region had to forego this year. On the other hand, our new implant brand NUVO was introduced at the large CIOSP trade fair and launched later in the year, targeting the lower value segment.

LATAM region



LATAM contribution to Group



Change organic

-15%

Change in CHF

-35%

Revenue in CHF

90m

Largest regional markets

1. Brazil
2. Mexico
3. Colombia

TOGETHER STRONG FOR ALIGNED TEETH #TogetherStrong



#TogetherStrong is exemplified in the strategic combination of ClearCorrect, our brand for clear aligners, and Bay Materials, our center of excellence for the development and manufacture of dental thermoplastics.

In August 2020, ClearCorrect launched clear aligners made from ClearQuartz, a new multi-layer, state-of-the-art, high-performance material that was developed and is supplied by Bay Materials.

ClearQuartz is designed to address customer needs in a fast-growing global market, in which advanced multi-layer materials have become available delivering a new level of performance and comfort for patients. ClearCorrect's thermoplastic products offer high stress-retention properties, excellent visual clarity, remarkable stain resistance, and low insertion forces. Building on these features and ClearCorrect's 14 years of orthodontic and manufacturing expertise, ClearQuartz is a huge step forward in terms of comfort for patients and impressive tooth-moving forces, in addition to a high, flat trim

line, which improves the aligner's retention. It is proprietary to ClearCorrect and became available in the US, South Africa and initial APAC markets and Latin America in 2020, with rollouts in Europe to follow pending regulatory approvals.

Clear aligners offer significant advantages including appearance, patient compliance, cleaning, stains and convenience.

In 2020 Bay Materials obtained patents to protect the innovative material to strengthen our competitive position, protect our R&D investment and help to prevent others from copying the material.

BUSINESS PERFORMANCE

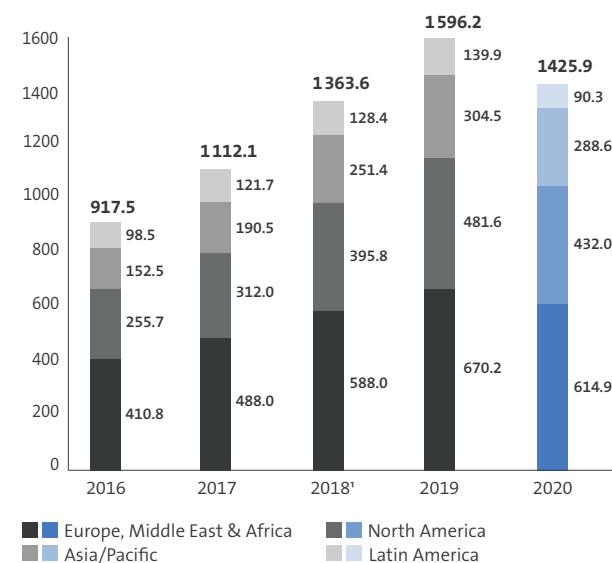
Financials

Five-year overview – operating performance

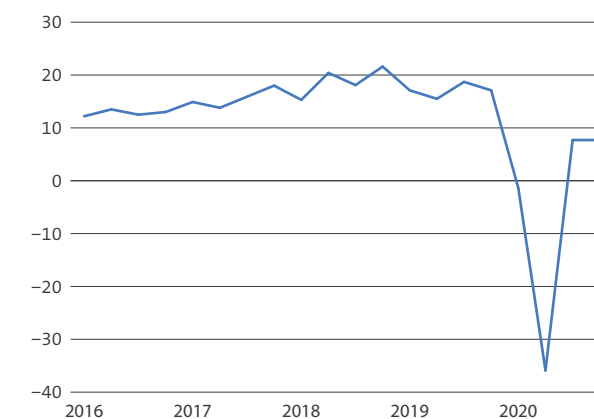
in CHF million	2016	2017	2018	2019	2020
Net revenue	917.5	1 112.1	1 363.6	1 596.2	1 425.9
Growth in %	14.9	21.2	22.6	17.1	(10.7)
Gross profit	718.5	840.5	1 019.2	1 200.5	1 029.8
Margin in %	78.3	75.6	74.7	75.2	72.2
Operating result before depreciation and amortization (EBITDA)	259.2	323.5	395.0	480.6	406.0
Margin in %	28.3	29.1	29.0	30.1	28.5
Growth in %	24.9	24.8	22.1	21.7	(15.5)
Operating profit (EBIT)	227.2	283.3	342.6	387.1	156.5
Margin in %	24.8	25.5	25.1	24.3	11.0
Growth in %	31.6	24.7	21.0	13.0	(59.6)
Net profit	229.6	282.2	277.8	308.0	92.3
Margin in %	25.0	25.4	20.4	19.3	6.5
Growth in %	221.1	22.9	(1.6)	10.9	(70.0)
Basic earnings per share (in CHF)	14.68	18.04	17.24	19.33	5.75
Value added/economic profit ¹	182.2	214.5	189.6	208.6	(30.6)
Change in value added	155.1	32.3	(24.8)	18.9	(239.1)
Change in value added in %	572.5	17.7	(11.6)	10.0	(114.7)
as a % of net revenue	19.9	19.3	13.9	13.1	(2.1)
Number of employees (year-end)	3 797	4 881	5 954	7 590	7 340
Number of employees (average)	3 615	4 305	5 580	6 837	7 409
Sales per employee (average) in CHF 1 000	254	258	244	233	192

1 Figures as reported in the financial reports.

Regional sales performance by year
in CHF million



Five-year quarterly revenue growth (organic)
in %



Five-year overview – financial performance

in CHF million	2016	2017	2018	2019	2020
Cash and cash equivalents	164.0	281.8	278.7	260.2	632.2
Net Cash (Net Debt)	(36.9)	23.2	16.8	20.2	116.2
Net working capital (net of cash)	123.9	187.7	233.0	265.6	168.0
as a % of revenue	13.5	16.9	17.3	16.6	11.8
Inventories	102.0	152.1	182.1	234.6	216.6
Days of supplies	171	174	165	175	160
Trade receivables	148.9	191.9	231.3	281.2	236.0
Days of sales outstanding	55	56	56	57	47
Balance sheet total	1 089.9	1 697.0	1 864.6	2 390.0	2 548.6
Return on assets in % (ROA)	21.5	20.3	15.6	13.6	3.9
Equity	633.7	1 077.0	1 204.3	1 367.2	1 209.9
Equity ratio in %	58.1	63.5	64.6	57.2	47.5
Return on equity in % (ROE)	37.1	33.0	24.4	24.0	7.7
Capital employed	476.2	908.0	1 011.6	1 455.0	1 190.3
Return on capital employed in % (ROCE)	55.5	40.9	35.7	28.4	11.9
Cash generated from operating activities	184.7	217.3	277.1	378.5	376.6
as a % of revenue	20.1	19.5	20.3	23.7	26.4
Investments	(87.9)	(296.5)	(188.2)	(239.3)	(140.4)
as a % of revenue	9.6	26.7	13.8	15.0	9.8
thereof capital expenditures	(46.7)	(74.4)	(109.7)	(149.9)	(82.1)
thereof business combinations related	(25.5)	(178.8)	(22.2)	(77.1)	(55.1)
thereof investments in associates	(15.7)	(43.3)	(56.3)	(12.3)	(3.2)
Free cash flow	138.7	144.7	169.4	229.6	295.2
as a % of revenue	15.1	13.0	12.4	14.4	20.7
Dividend	65.1	75.1	83.1	91.2	91.3 ¹
Dividend per share (in CHF)	4.25	4.75	5.25	5.75	5.75 ¹
Pay-out ratio in % (core results)	35.6	32.4	28.9	27.1	35.5

1 To be proposed to the shareholder's AGM in 2021.

At CHF 295m, free cash flow reached its highest level in 5 years.

SHARE PERFORMANCE

Strong recovery since March

2020 was a very turbulent year for the financial markets. With relatively low volatility at the beginning of the year, markets seemed to be continuing their upward path of 2019. However, the outbreak of COVID-19 led to an unprecedented slump between late February and March. Leading equity markets suffered price corrections of more than 30%, while risk premiums rose significantly. After a strong response from global monetary and fiscal policy makers, market conditions improved, leading to a relatively stable recovery in the financial markets. Positive news about the development of vaccines, as well as the outcome of the US elections, further reduced uncertainty and supported market valuations.

After a strong start to the year, the Straumann Group's results plummeted in Q2 due to the global pandemic. Due to the high uncertainty, the Group retracted its guidance – like many companies – and took rapid initiatives to adjust its cost base, including resizing organizationally. Following a respite in infections and a relaxation of lockdown measures, revenue began to pick up around mid-year and continued to improve through the second half, confirming that the business fundamentals are intact. The Group continued to watch for opportunities, made further strategic acquisitions, entered partnerships, launched innovations, and announced key appointments as part of its leadership succession planning. These factors and its above-market performance were all reflected in the share price and market capitalization, which rose to more than CHF 15 billion. Despite strong

distortions in the capital markets, the Group successfully issued two new bonds, further exemplifying the trust that it enjoys in the market.

The share continued to outperform the Swiss equity market and rose 8.5% to CHF 1031.50 at year-end, while the SMI and SMIM indices closed the year up 3.3% and 0.8%, respectively. As a result, Straumann was the second-best performing share in the SMIM universe over the past five years. In September, the Straumann share joined the Swiss Leader Index, which comprises the largest 30 securities in the Swiss equity market.

With the gross dividend increasing 9.5% to CHF 5.75 in 2020, pre-tax shareholder return after dividend re-investment amounted to a gain of 9.4% or CHF 88.97. This reflects the Group's intention to have a stable dividend that increases gradually over time. The payout ratio of the dividend distributed in 2020 was 36%, which is higher than in previous years. After dropping below 20% in January, the one-year stock volatility climbed to 41% in Q4, taking into consideration both the sharp correction and fast recovery throughout the year. This volatility pattern was in line with the general market trend. The average trading volume in 2020 increased from 41 400 to 68 200 shares per day, while the overall trading turnover rose by more than 70%, reflecting a significant increase of stock-market investor activity due to the pandemic.

Stock exchange information

Listing	SIX Swiss Exchange (STMN)
Bloomberg	STMN SW
Reuters	STMN.S
Investdata	STMN
Ex date	13 April 2021
Payment date	15 April 2021
Security ID	001 228 007
ISIN	CH 0012 280 076

Share price data

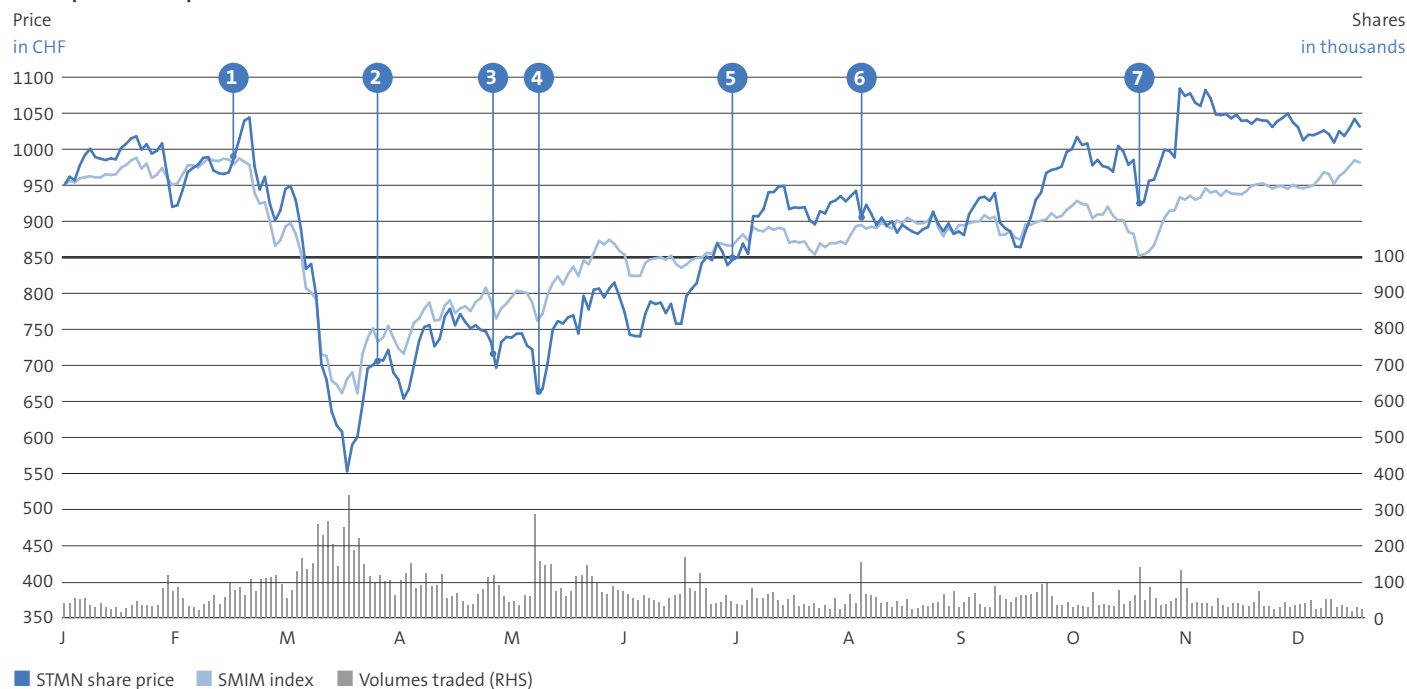
in CHF

	2020		2019	
	Value	Date	Value	Date
First trading day	961.8	3 Jan	592.00	3 Jan
Lowest ¹	553.00	19 Mar	587.00	3 Jan
Highest ¹	1084.00	9 Nov	963.00	27 Dec
Last trading day (tax value)	1031.50	30 Dec	950.40	30 Dec
Average	892.40		821.60	
Total shareholder return, gross of tax	9.4%		54.8%	
Share price performance	8.5%		53.8%	
Market capitalization at year end (CHF million) ²	16408		15 091	

1 Value reflects daily closing price.

2 Treasury shares are excluded from calculation.

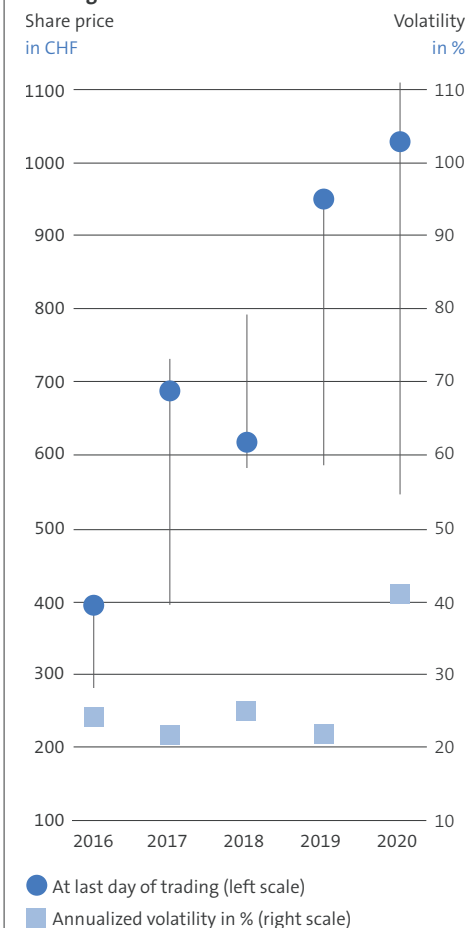
Share price development



- 1 18 Feb 2019 results: organic revenue climbs 17%, core EBIT margin at 27.1%
- 2 27 Mar Placement of a CHF 280 million straight bond, mainly to refinance maturing bond
- 3 30 Apr Q1 results: revenue drops 4%
- 4 14 May Group announces cost alignments with lower revenues

- 5 9 Jul Group announces acquisition of majority stake in DrSmile
- 6 13 Aug First-half revenue 22% less than in H1 2019, reaching trough in April
- 7 28 Oct Q3 results: revenue drops 15% (YoY), organic growth of 8% in Q3

Trading information



[Click here for detailed 5-year comparison](#)

MAIN MEDIA RELEASES IN 2020

20 January	Camila Finzi appointed Head of Straumann's fast-growing orthodontics business and Member of the Executive Management	20 August	ClearCorrect launches new, state-of-the-art, high-performance clear aligner material
3 February	Mark Johnson joins Straumann's Executive Management as Head of Research, Development & Operations	21 October	Seamless connectivity between 3Shape TRIOS intraoral scanners and Straumann's esthetic dental solutions
18 February	2019 FY Report – Straumann finishes 2019 with solid Q4, as full-year organic revenue climbs 17% and core EBIT margin expands to 27.1%	28 October	9M report – Straumann Group posts organic growth of 8% in third quarter
27 March	Straumann Holding AG successfully completes placement of a CHF 280m bond	8 December	Straumann announces leadership appointments to support growth and accelerate digital transformation
7 April	Shareholders approve all proposals at AGM	15 December	Straumann Group appoints Rahma Samow to head fast-growing business with Dental Service Organizations
30 April	Q1 report – Straumann Group responds quickly to COVID-19 and looks beyond	21 December	Straumann Group to distribute Medit intraoral scanners globally
6 May	A new Straumann zygomatic implant system for patients with severe jawbone loss		
14 May	Straumann Group acts rapidly to align costs with lower revenues		
10 June	Straumann Holding AG raises a further CHF 200 million through the successful placement of a new five-year straight bond		
9 July	Straumann Group invests in DrSmile, a leading provider of clinician-led clear aligner treatment solutions in Germany		
13 August	H1 report – Straumann Group sees sales pick up at end of tough first half, in which COVID-19 reduces revenue by 22% to CHF 605 million		

RISK MANAGEMENT

Integrated control framework for sustainability

The Straumann Group fosters a culture of creating opportunities and entrepreneurship, which are balanced by risk management. We are committed to implementing appropriate controls, processes and strategies to identify, assess and manage risks associated with our activities in order to prevent or minimize the impact of unexpected events on our business and our ability to create value.

RESPONSIBILITIES AND ORGANIZATION

The Straumann Group applies a globally standardized process for identifying and managing possible developments within and outside the Group that could jeopardize its sustained growth, profitability and objectives. Risk monitoring and control are management objectives. The Group's Chief Financial Officer (CFO) is also the Chief Risk Officer (CRO) and is responsible for risk management.

Our risk assessment and management are embedded in a comprehensive internal control framework, which we address through a holistic, disciplined and deliberate approach. It matches that of the COSO (Committee of Sponsoring Organizations of the Treadway Commission), which is one of the most widely used.

For identified risks that arise from accounting and financial reporting, relevant control measures are defined throughout our Internal Control System (ICS) framework. Various tools and aids are used to assess and manage risks. For instance, foreign exchange risks are managed with an SAP Treasury

tool, while external consultants are used on a regular basis to assess insurance coverage risks.

RISK REPORTING

We produce a comprehensive corporate risk assessment report annually (or ad hoc if necessary), which serves as a working document for the coming year and includes key risks that are critical for the Group's business. A specific scenario is developed for each risk topic, including existing and new measures and controls. The risks are ranked and prioritized. Action plans are defined and the implementation of measures to reduce risk is monitored. The significance of a risk scenario is estimated in terms of EBIT cumulated over three years. Certain risks are assessed according to qualitative criteria, e.g. risks to the Group's reputation. The reporting of key risks is based on fixed value limits. Pressing risks that emerge very rapidly are discussed by the Board at short notice.

INTERNAL AUDIT

The tasks of Internal Audit are:

- to provide independent assurance to the Board of Directors that key risks of the organization are under control
- to support Management in ensuring compliance, operational efficiency and control effectiveness across the Group.

Risk management approach

Straumann's risk assessment takes into account:

- Operational risks
- Strategic risks
- Compliance-related risks
- Financial market risks
- Other internal risk factors
- Other external risk factors

Corporate risk assessment report

The report covers the following topics:

- Risk description
- Assessment of possible damage
- Occurrence probability
- Risk monitoring and counteracting measures

Risk assessment report process

Step	Execution
Preparation	Chief Risk Officer
Discussion	Executive Management Board
Risk assessment and discussion based on report	Audit & Risk Committee with Chief Risk Officer and Senior Management
Key findings presented to Board	Chief Risk Officer

In a consulting role, its main tasks are:

- to assess internal processes and controls
- to propose recommendations and improvements.

The objective is to safeguard the Group's tangible and intangible assets and to evaluate the effectiveness of its risk management and governance processes.

Since 2017, KPMG has been mandated with the Straumann Group's Internal Audit function (see p. 92), reporting to the Board of Directors with the CFO/CRO as the administrative contact person.

RISK ASSESSMENT

STRATEGIC RISK

MARKET ENVIRONMENT

The Straumann Group is active in specialty segments of the dental industry. Based on the aging population, the rising number of professionals trained, and increasing awareness, there are no discernible reasons why these segments should not continue to offer attractive growth prospects in the long term (see p. 29 ff.). However, economic uncertainties, due for example to the COVID-19 pandemic, as well as political developments in recent years might continue for some time and affect the prospects of market growth.

Our future revenues depend on market reach and expansion as well as on our ability to defend and increase our business with existing customers, to enlarge our customer base, to develop innovative solutions that meet customers' needs and bring them to market in a timely manner.

New market entrants, disruptive business models and price pressure from discounters pose a potential threat to established brands (see charts on the

right). We conduct analyses of competitors based on our own and external market intelligence to counteract such risks and to evaluate our opportunities. Examples of managing and addressing this risk in 2020 are:

- the continued rollout of our immediacy solutions including the Straumann BLX implant system and the Straumann Zygomatic Implant System
- the continued penetration of the non-premium segment with our existing brands and further additions (e.g. NUVO)
- investment in the direct to consumer to client model and the continued expansion into orthodontics (e.g. through our acquisition of DrSmile)
- investments in artificial intelligence in dentistry (e.g. in Promaton)
- investments in production centers on three continents (see p. 72 ff.).

OPERATIONAL RISK

LEGAL RISKS

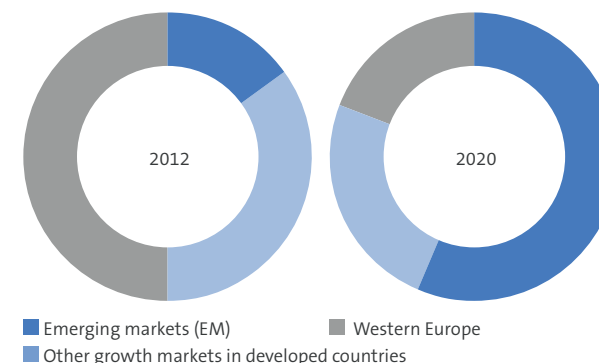
We operate in a competitive market, in which legal compliance, agreements and intellectual property rights are of significant importance. At the moment, the Group is not involved in any major litigations.

CYBER SECURITY RISK

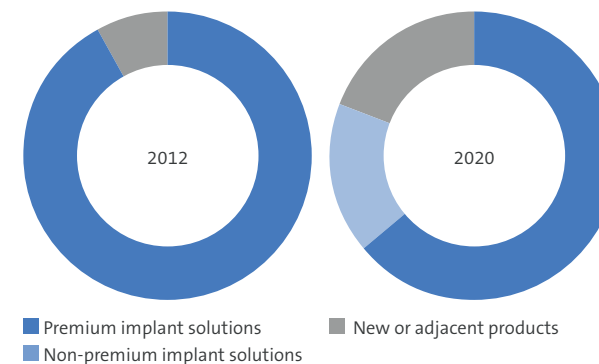
Reliable, correct and safe handling of information is essential to our business. Risk and security management are therefore an integral part of the Group's IT strategy. The main objectives are:

- to achieve business goals while reducing IT risks through security measures, controls and by the creation of security awareness among employees and management

Share of implant volumes



Product portfolio break-down (in value)



Having been an exclusively premium brand Straumann entered the value implant segment in 2012 by investing in Neodent. This reduced our exposure to lower price competition and to economic recession, when customers tend to move to lower-price alternatives. Today the Group's product range covers all price levels. Similarly, our geographic footprint has spread significantly making us less dependent on a small number of key markets and regions.

- to safeguard data and to protect and guarantee the integrity of the Group's digital assets and infrastructure around the world
- to ensure the availability of IT services (applications and systems) as required by business processes and stakeholders.

The Group has spread its manufacturing risk by establishing production centers for key products around the globe.

The Group's IT risk and security management framework is derived from widely used industry standards, such as the ISO/IEC 27000 series, GMP and COBIT, to manage cyber and IT security risks, threats and controls. Ethical, legal, economic and social principles are taken into consideration.

The Group's IT Risk and Security Management Committee approves and adopts the information security strategy as well as essential business-critical implementations. The Committee meets regularly and includes the CFO/CRO, the Chief Information & Data Officer, the Head of Corporate IT Business Applications (ITBA), the Head of Corporate Information and Communication Technologies (ICT), the Data Protection Officer (Corporate Legal Services) as well as the Head of IT Risk & Security Management, who is responsible for:

- assessing IT security threats and their business value
- mitigating IT risks (including data loss and corruption)
- evaluating IT service continuity plans
- verifying the effectiveness and efficiency of IT security controls and hardening IT asset security
- improving IT security awareness for all employees
- maintaining security policies, procedures and supporting standards in alignment with (core) business processes
- establishing IT security key performance indicators and reporting structures.

MANUFACTURING AND SUPPLIER RISK

The Group has spread its manufacturing risk by establishing production centers for key products at different locations around the globe. The ongoing expansion of Straumann's and Neodent's production facilities as well as the establishment of additional production centers for Medentika and ClearCorrect help to mitigate this risk.

With regard to suppliers, we pursue a multiple source strategy for key materials and components. For example, for key raw materials such as titanium, agreements are maintained at the Group level to assure inventories and supply for all brands and franchises globally.

ETHICAL SUPPLY CHAIN

Our Straumann Group Code of Conduct for external business partners (ExBP CoC) refers to fair and safe working conditions, human rights protection, business ethics, legal compliance, safeguarding privacy and environmental protection in the supply chain. It was updated in 2020 and our major ExBPs

Straumann Group implant brand map, showing the different price levels that our various brands address



Medentika's new factory in Germany, which opened in 2020, is an example of how the Group has spread its manufacturing risk.

are required to sign it periodically as written confirmation of their commitment to abide by its provisions.

PRODUCT RISK AND TREATMENT OUTCOME

We seek to minimize product risks and ensure product integrity in the interest of patient health and safety by using state-of-the-art quality management systems such as ISO13485 (see list of certified production sites on p. 73) and techniques for product risk management. We also conduct long-term product surveillance. These processes are frequently reviewed by regulatory agencies to confirm that internationally recognized standards are met. Furthermore, we conduct pre-clinical and clinical trials, followed by controlled, selective introductions where appropriate. We also offer a comprehensive range of educational courses, at all levels and in all countries where our products are sold.

We seek to minimize product risk and ensure product integrity in the interest of patient health and safety.

KEY FINANCIAL RISK (see also Financial Report)

LIQUIDITY RISK

Liquidity risk refers to the possible inability to meet short-term debt obligations due to the lack of liquid assets. The Group closely monitors its liquidity risk through prudent asset and liability management. This includes a recurring liquidity planning approach throughout the Group. The Group's objective is to maintain an adequate funding structure by using bank overdrafts, bank loans, bonds and finance leases. In accordance with the policy, Corporate Treasury maintains a permanently accessible cash stock as well as flexible short-term funding possibility through committed and uncommitted credit lines, involving a prospective approach.

FOREIGN CURRENCY RISK

Foreign exchange risk arises when future transactions or recognized assets or liabilities are denominated in a currency other than the entity's functional one. As the majority of the Group's business is international and since the Group's financial statements are prepared in Swiss francs, fluctuations in exchange rates affect both the Group's operating results and the reported values of the assets and liabilities. The Group is primarily exposed to the euro, the US dollar, the Brazilian real, the Chinese renminbi and the Japanese yen.

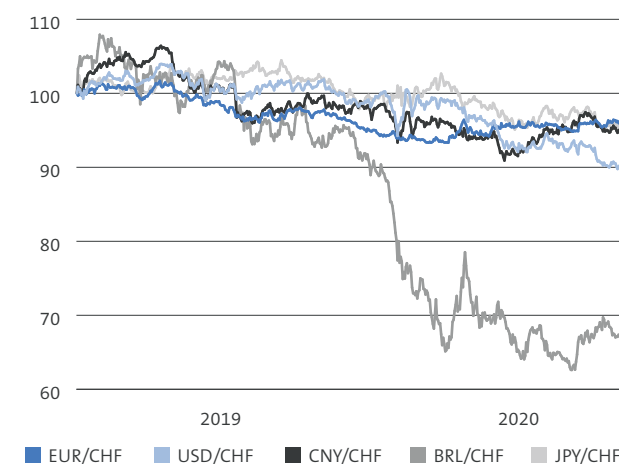
Beside general efforts to reduce currency exposures naturally, the Group's foreign currency risk management policy aims to concentrate exposures centrally and subsequently manage them through a selective hedging approach. Speculative trading is forbidden. The Group CEO continuously reviews and approves the policy for managing these risks, and the Audit & Risk Committee is informed about all changes.

Group currency breakdown & gross transactional booked exposure (TBE at year-end)

in %

	Sales	Cost	TBE
CHF	5	16	n/a
EUR	28	27	-65
USD/CAD/AUD	32	34	61
BRL	5	7	-5
CNY	11	4	28
JPY	6	2	20
Others	13	10	61

Currency chart (USD, EUR, CNY, BRL, JPY)



The Group's gross transactional booked exposure at year-end is presented in the table on p. 52.

CREDIT RISK

Credit risk refers to the risk that counterparties will not meet their obligations, leading to a financial loss for the creditor. The Group is exposed to credit risk from its operating activities, primarily trade receivables and loan notes, as well as financing activities, primarily financial instruments such as foreign exchange derivatives and cash deposits with financial institutions. Exposure to these is closely monitored and kept within predetermined parameters.

Further information on financial risk management is provided in Note 9.2 (see p. 167 ff. of the consolidated financial statements).

MISCELLANEOUS BUSINESS RISKS

The Group covers its inherent key business risks in the same way it covers product or employer liability risks and property loss through corresponding insurance policies held with reputable insurance companies.

PENSION LIABILITY RISKS

The Group offers its staff competitive pensions. The pension funds are managed locally and invested through independent financial institutions. The investment strategy of the Swiss pension fund, which represents the largest pension plan of the Group, is determined by the Group's Pension Fund Commission and executed by its Investment Committee. The pension funds publish regular reports for all members.

COMPLIANCE RISK

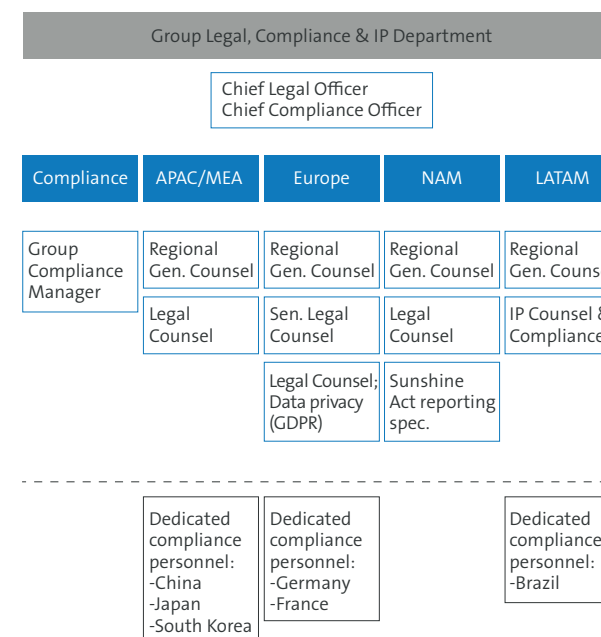
It is essential to ensure that the company and its employees conduct business in a legal, ethical and responsible manner. Straumann has a dedicated global compliance function. Corporate standards are in place for key business compliance risks – e.g. bribery/improper advantages and unlawful promotion (see table on p. 54).

Straumann is a member of Swiss Medtech and is committed to comply with its code of ethics, which aims to protect the integrity of all interactions between member companies and healthcare professionals/organizations. In accordance with Swiss Medtech's rules on transparency, Institut Straumann AG discloses educational grants to third-party events as well as other forms of educational support, such as fellowships, scholarships and support for awareness campaigns.

To strengthen our prevention efforts and to promote compliant behavior, we expanded our local training activities including refresher sessions on our [Code of Conduct](#), legal basics, prevention of bribery and prevention of unlawful promotion. In addition, e-training content was produced for 10 countries, adapted to local laws and regulations.

Following the global rollout of our revised Group Code of Conduct in 16 languages in 2019, we established a multilingual compliance hotline, which is operated by a third-party provider. Open round the clock it allows employees worldwide to raise compliance concerns in anonymity. Code infringements are investigated and appropriate measures taken. In 2020, six Code of Conduct violations were confirmed and appropriate corrective actions taken, including four dismissals.

Dedicated organization for business compliance Group-wide



It is essential to ensure that the company and its employees conduct business in a legal, ethical and responsible manner.

LEGAL COMPLIANCE

We manage and ensure compliance with laws and regulations through internal policies, processes and trainings, and by monitoring legal and regulatory developments throughout the Group. Our compliance management covers anti-corruption, data protection and privacy, anti-trust and insider trading as well as finance legislation. It is set up to be fully compliant with Sunshine legislations in several countries.

REGULATORY AND QUALITY COMPLIANCE

Medical device companies face growing scrutiny from regulators around the world as well as increasing requirements for documented evidence in order to demonstrate compliance. To ensure we continue to meet regulatory compliance standards, we have a qualified team of experts in regulatory and quality assurance.

Focused quality objectives and key performance indicators together with comprehensive audit programs, both internal and for suppliers, are used to assure compliance and to identify opportunities for improvement. The Group also has an ongoing training program to ensure continuity in compliance with new and existing standards and regulations.

In 2020, local authorities inspected Straumann Group subsidiaries with regard to storage and distribution of medical devices with no major findings. Our Group design centers and manufacturing facilities passed all Notified Body audits, which are required to maintain the certification of quality and environmental management systems. The Group's global regulatory team coordinates and supports all our brands in the area of international quality compliance and regulatory affairs.

We obtained a large number of new registrations despite significant hurdles imposed by COVID-19, for example the closure of government offices and notified bodies, absence of officials due to illness, etc.

Some of our design and manufacturing sites use the Medical Device Single Audit Program (MDSAP), a global approach to auditing and monitoring the manufacture of medical devices. This facilitates compliance assessments internationally. The MDSAP allows a recognized auditing organization to conduct a single audit of a manufacturer that satisfies the relevant requirements of the regulatory authorities in the program, namely:

- Therapeutic Goods Administration of Australia
- Brazil's Agência Nacional de Vigilância Sanitária
- Health Canada
- Japan's Ministry of Health, Labor and Welfare, as well as the Japanese Pharmaceuticals and Medical Devices Agency
- US Food and Drug Administration (FDA), Center for Devices and Radiological Health CDRH (accepting MDSAP audit reports as a substitute for routine Agency inspections).

In addition to Institut Straumann, Neodent and Dental Wings, ClearCorrect recently received its MDSAP certificate for design, development and manufacture of sequential aligners and accessories for the correction of malocclusion.

To ensure the readiness of our people and processes at our certified sites, we have also conducted unannounced internal audits and dedicated audits of our product technical files.

Key corporate standards for key business compliance risks

Risks	Corporate Standards
Bribery/ corruption	<ul style="list-style-type: none"> • Group Code of Conduct (GrCoC) • SpeakUp line procedure • Sales Compliance@Straumann Policy • Interactions with government officials – corporate procedure • Gift reporting form • GrCoC for external business partners
Unlawful promotion	<ul style="list-style-type: none"> • Marketing material drafting guideline • Social media guideline

The Group has an ongoing training program to ensure continuity in compliance with new and existing standards and regulations.

Several regulatory authorities continue to inspect manufacturers in foreign countries. We are prepared for this and have experienced teams of regulatory and compliance experts in Brazil, China, Japan, Korea, Switzerland and the US. Excellent collaboration between our experts in Basel and colleagues in the regions facilitated recent successful registrations.

The new Medical Device Regulation (MDR) in Europe means greater surveillance, higher need for more and stronger clinical data, more involvement of competent authorities for higher risk products, longer approval times and active post market surveillance. Notified Bodies have declined in number and their control has increased. Stricter requirements and regulations are also expected in smaller markets, which will increase the need for enhanced compliance and safe and effective products. In order to ensure continued access to European markets under MDR, planning for adaptation is essential. Across the Straumann Group, projects to comply with the new European Regulation for Medical Devices are well underway. As an example of this, we started a project in 2020 to set up an implant registry, which will help us to generate the data required under MDR. Institut Straumann has already received two MDR certificates covering various types of products.

REPUTATION RISK

Like other leading manufacturers, the Group is exposed to the risk of damaged public perception of its products and solutions. This might be the result of poor implant placement, competitors' inferior quality implants and other solutions, or unethical business practices. Various Straumann Group country organizations belong to associations of manufacturers of medical and/or dental products, such as Swiss Medtech in Switzerland, Comident in France and ABIMO in Brazil. These associations are dedicated to the advancement of medical technology and its safe and effective use.

We started a project in 2020 to set up an implant registry, which will help us to generate the data required under MDR.

CRISIS MANAGEMENT IN 2020

Risk management intends to identify and prepare for risks before they materialize. The Group responded quickly to new risks in context of COVID-19 as follows:

Risk Type	COVID-19 related threats to	Mitigation/opportunities
Operational	People safety <ul style="list-style-type: none"> • Infection risk • Mental health risk 	<ul style="list-style-type: none"> • Action plans for quarantine, distancing and hygiene at all sites • Remote working • COVID-19 test reimbursed for employees unable to work remotely • Programs to support remote working and to promote belonging, interaction, agility and mental health • Split-shift operation
	Business continuity: <ul style="list-style-type: none"> • Production • Logistics • Customer service 	<ul style="list-style-type: none"> • Supply chain secured • Flexibility in production, logistics, administration, customer support, etc. • Production contingency plans, capacity adapted to demand • IT infrastructure and key functions secured • Customer Services and e-Shop maintained, subsidiaries stocked
Strategic	Market environment <ul style="list-style-type: none"> • Closed practices • Lower practice efficiency due to increased safety measures • Recession, lower disposable income 	<p>Immediate response:</p> <ul style="list-style-type: none"> • Preparations to rebound strongly – kept close to customers online • #TogetherStrong and #TimeForEducation web portals launched • Crisis information, best-practices, guidelines, scientific reviews on COVID-19 in dentistry, recovery plans for practices • Production of sanitizer gel and face shields
		<p>Mid-term:</p> <ul style="list-style-type: none"> • Shift to cost-efficient solutions • Accelerate digitalization • Direct to consumer models • Maintain DSO focus as market consolidates • Continue to invest in innovation
		<p>Long-term:</p> <ul style="list-style-type: none"> • Capture opportunities as trends accelerate in digitalization, health consumerism and market consolidation • See strategy in action section on p. 17 f.
Compliance-related	Reputation <ul style="list-style-type: none"> • ‘Superspreader’ perception risk 	<ul style="list-style-type: none"> • Frequent internal communication of safety and hygiene guidelines • Frequent external communication about Group’s response to crisis, help to customers and other stakeholders
Financial	Liquidity <ul style="list-style-type: none"> • Lack of liquid assets 	<ul style="list-style-type: none"> • Scenario planning: short-term liquidity • CHF 280m straight bond placed in March • CHF 200m straight bond placed in June • Additional committed credit lines assured • Management of working capital intensified • Capex reduced temporarily
	Profitability <ul style="list-style-type: none"> • Sharp drop in sales • Customer credit risk 	<ul style="list-style-type: none"> • Scenario planning: rolling forecasts • Immediate short-term cost reduction plan • Personnel cost reduction measures, including voluntary pay cuts, reduced working hours and right-sizing • Support of customers for business success (see strategic risk mitigation in this table)
	Financial markets <ul style="list-style-type: none"> • Increased FX headwind • Increased volatilities 	<ul style="list-style-type: none"> • Stronger hedging activities • Intensified direct investor communication

SUSTAINABILITY REPORT

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**#TOGETHER
STRONG**

BUILDING ON A LONG TRADITION OF SUSTAINABLE DEVELOPMENT

Although Straumann's roots go back much further, 2020 marked the 30th anniversary of our company in its present form and with its current focus on dentistry. What began as a family firm with 25 employees supplying titanium dental implants has become a world leader in tooth replacement and orthodontic solutions, uniting global brands that stand for excellence, innovation and quality in replacement, corrective, regenerative and digital dentistry.

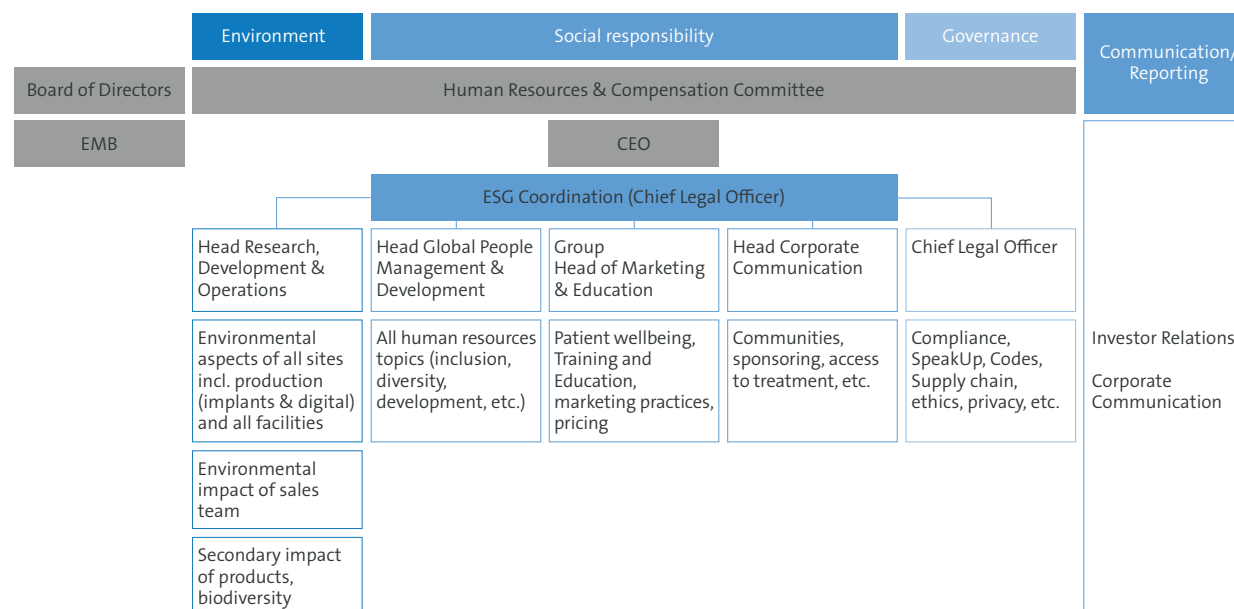
The Straumann Group today provides employment to more than 7300 people from 60 nations. Its products have been used to treat millions of people all over the world, creating smiles, restoring confidence and bringing lasting improvements to the quality of life. These are just a few examples from the company's long scorecard of sustainable growth and development. For us, corporate responsibility has always meant simply doing more to create value for our customers and their patients, our staff and the communities in which we operate, in a sustainable manner and with minimal impact on the environment. Sustainability means creating lasting smiles and confidence today, tomorrow and beyond.

In line with the growing importance of environmental, social and governance (ESG) matters among various stakeholder groups, we appointed an internal Steering Committee in 2020 tasked with determining focus areas, goals and KPIs for our sustainability strategy.

The Committee confirmed that our permanent focus should remain on patient wellbeing, health and safety, and customer prosperity. The mid- and long-term focus is on people, planet and compliance, while the predominant short-term aspects are employee health, safety, engagement, development and turnover.

In addition to determining clear responsibilities for ESG (see chart below), the Committee established a key focus on social aspects, including the wellbeing of patients, employees and customers. It also

defined a roadmap with milestones for short to mid-term goals related to health, safety and people engagement and for long-term goals on environmental impact improvements. Progress will be measured with established metrics and documented. Implementation is expected in 2021.



This chart shows the allocation of ESG responsibilities at Board and Management levels. Our Group Code of Conduct assigns personal responsibility for environmental protection and proper social conduct to all line managers and employees.

SUSTAINABILITY APPROACH AND MATERIALITY

MATERIALITY ASSESSMENT AND REVIEW

We continuously monitor the materiality of relevant environmental, social and governance (ESG) topics to our business and our shareholders in alignment with our strategic priorities. The most relevant topics identified in our 2020 assessment are shown in the chart on the right. By addressing them regularly, we ensure long-term performance, monitor high-level risks and opportunities, and strengthen relationships with our stakeholders. The materiality assessment is based on interviews with senior managers across the company every year. The process of defining and prioritizing material topics for this report considered the GRI principles: stakeholder inclusiveness, sustainability context, materiality, and completeness.

In 2020, several adjustments were made to the materiality map. The spread and impact of COVID-19 added to the importance of our employees' physical and psychological wellbeing and safety. 'Employee Health and Safety' moved to the 'Focus' quadrant and was redefined as 'Operational Health and Safety' to distinguish it from 'Patient Health and Safety'. Conversely, 'Intellectual Property' no longer requires 'Focus' priority but still remains a key topic for monitoring. 'Customer Privacy' has been replaced by 'Data Privacy', which is more comprehensive and includes our internal data and information systems. The term 'Greenhouse Gas Emissions' is more specific and replaces 'Emissions'. The new term 'Business Ethics' summarizes all aspects of what was previously named 'Compliance, Responsible Marketing, Anti-Corruption'. We emphasize that 'Inclusion' and 'Colleague

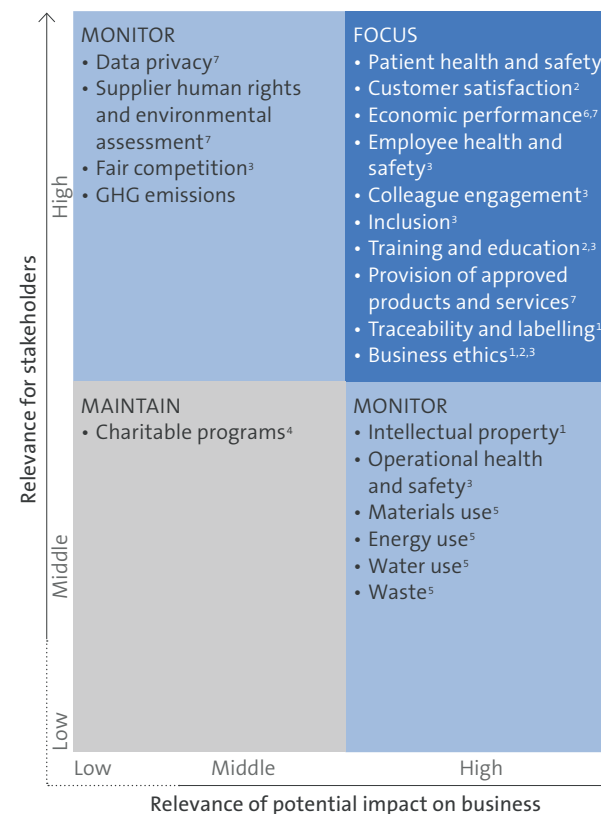
Engagement' also refers to diversity and belonging in all aspects – as a source of creativity that contributes to business success.

In this report, our material sustainability topics refer to the whole Straumann Group unless stated otherwise (see also p. 185), and are addressed in the following sections on customers, employees, communities, and environment.

STAKEHOLDER ENGAGEMENT

Our stakeholders include investors, customers, employees, members of the community, and conservationists. Each group places different levels of importance on various aspects of our performance. To understand their specific needs, we foster an interactive dialogue and practice a feedback culture on many levels and through various channels: Shareholders are interested in share-price development, return on investment and good governance, while responsible investment professionals are also keen on performance in sustainability aspects. Customer interests include assistance in growing their business and establishing specialist reputations. Dental service organizations focus on affordability, reliability and an ethical supply chain. Employee feedback highlights professional development and a healthy work-life balance. Charitable partner organizations are interested in continuing sponsorship relations and agreed goals. Finally, various groups emphasize ethical concerns including obligations to conserve the environment. In this report, we discuss processes and results of performance-relevant dialogues with key stakeholders in the respective chapters.

Sustainability materiality map



Information on material sustainability topics is provided in the following places in this annual report:

- 1 Risk Management, p. 49 ff.
- 2 Customers, p. 60 ff.
- 3 Employees, p. 64 ff.
- 4 Communities, p. 69 ff.
- 5 Environment, p. 75 ff.
- 6 Business performance, p. 35 ff.
- 7 Global reporting initiative, p. 185 ff.

CUSTOMERS

Staying close to customers through difficult times

NURTURING OUR CUSTOMER BASE

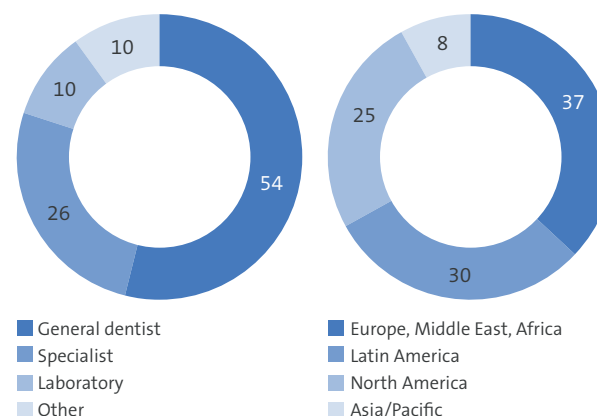
The risk of exposure to corona virus is higher for dental hygienists, dentists and dental assistants than for any other occupational group.¹ Understandably, a key concern among our customers in 2020 was the safety and wellbeing of their staff and patients. At the outset of the pandemic there was an urgent need for advice, help and personal protection equipment (PPE). Furthermore, most clinics had to close except for emergency cases. For many, this meant insufficient income to cover operational costs. Being able to rely on a manufacturer for support and continued supply on demand was essential. So too was reassuring patients that it was safe to visit dental practices and seek treatment.

Unable to visit customers, we quickly reached out through online channels, platforms and services to keep in touch and to respond to their needs. Our initiatives to help them rebound quickly included: information on safety, supplies of PPE – e.g. face shields, thermometers, sanitizer and disinfectants, as well as communication tools to help restore patient confidence. To fill the spaces caused by conference and meeting cancellations, we hosted online events including virtual symposia, training and education programs as well as networking events. All of these initiatives created opportunities to foster dialogue, gain feedback and generate leads. As a result, we were able to maintain our global customer base.

Other key factors for maintaining/expanding our customer base in 2020 include:

- the continued global rollout of Straumann's innovative BLX implant system
- the launch of Straumann ZAGA zygomatic implants
- leading-edge innovation e.g. Straumann TLX (see p. 25)
- value-adding services and concepts (e.g. Smile in a Box, immediacy, remote monitoring)
- starter training and education courses
- attractively priced challenger brands and solutions (e.g. Anthogyr, Medentika, Neodent, NUVO)
- acquisitions and partnerships (e.g. DrSmile, Artis Bio Tec)
- online education, marketing and sales initiatives
- comprehensive solutions from a single supplier
- state of the art e-shop
- continued product availability
- digital ecosystem.

Straumann's customers by segment (left) and by region (right)
in %



The Straumann Group's customers are spread over more than 100 countries and include general dentists, specialists (oral surgeons, periodontists, prosthodontists, orthodontists), dental technicians and laboratories, as well as corporate customers (labelled 'Others' in this chart) such as distributors, hospitals, universities and dental service organizations (DSOs). A single DSO can represent hundreds of clinics and dentists, including generalists, specialists and technicians.

There were no significant shifts in the specialization and geographic distribution of our customers. The respective proportions of general dentists and specialists increased and decreased slightly, reflecting a continuation of the trend we have observed in recent years and other factors, such as the growth in our clear aligner business.

SERVING CUSTOMERS DIRECTLY

We serve customers directly through our teams of sales and marketing professionals, most of whom are highly trained sales representatives or service staff. This adds value for customers and helps us to identify, manage and learn from their needs. For much of 2020, our teams worked remotely, serving customers and participating in online training, including modules on remote selling and customer acquisition.

Regular training is mandatory as one of several safeguards to ensure compliance with regulations relating to the sale of our products and services. For details see compliance risk (page 53ff.). Further supporting our commitment to the patients' interests, much of the scientific information used to endorse our products is peer-reviewed and quality compliance is assured (see p. 54f.).

CUSTOMER DIALOGUE

Our primary sources of customer feedback include:

- direct personal and remote contact through our sales force
- scrupulous complaint management, evaluation and reporting
- market acceptance tests and limited market releases (LMRs) to obtain customer feedback prior to product launch
- post-launch tests (e.g. to check the effectiveness of our marketing messages) and expert meetings including customers involved during development
- online channels and platforms such as customer pulse check surveys taken online during lockdowns in spring.

Net-Promoter-Score surveys were conducted by ClearCorrect in its core domestic market and by Straumann Group in Brazil. All of these and other channels are important sources of market intelligence and feedback, which is processed and used to refine products, usage, solutions and services. The International Team for Implantology, whose membership exceeded 18 500 dental professionals across more than a hundred countries by the end of 2020, is also a key source for customer information and a unique partner for science and education. We deepened our longstanding relationship with the ITI in 2020.

CUSTOMER EDUCATION IN DIGITAL FORMATS

Education is a core competence of the Straumann Group, but travel and meeting restrictions preventing us from holding physical training and education events. At the same time, the increased availability of dental professionals when practices closed presented a significant opportunity for online education. We therefore created end-to-end online learning solutions, offering high quality, relevant content in various formats through multiple channels. Our #TimeForEducation campaign is an example of how we provided an enhanced virtual education experience in all markets, including practical advice on how to bounce back to practice success. In Switzerland and Germany the innovative Learn in a box concept for hands-on sessions was rolled out: courses are conducted online, course materials, such as implants and models, as well as QR codes linked to digital materials are transferred to participants in ecologically-friendly grass paper boxes. We have continued to invest in digital education assets, tools and solutions for virtual interactivity such as gamification and virtual reality.



A virtual reality booth at one of ClearCorrect's online events in 2020. Such booths are interactive and allow online visitors to walk around, view products, watch demonstrations, speak with our sales team and order products.



The virtual booth at Straumann's online Immediacy Symposium, with real sales representatives on the right waiting to help customers.

Beyond supporting our customers with pandemic crisis management from an education perspective, we continued to support peer-to-peer activities and dental communities, connecting experts and customers to share practical experience and know-how.

DIGITAL TRANSFORMATION AND DISRUPTION

When digital channels became the sole means of contacting customers, the Straumann Group underwent a digital transformation in just a few weeks that would normally have taken several years.

Under the umbrella of #TogetherStrong we broadcast hundreds of webinars and eLearnings attracting thousands of visitors. Our online customer platform 'youTooth' published more than 60 articles addressing the needs of dental professionals during lock down. Dental experts from around the world shared their insights as we created a community of solidarity and togetherness.

Our eCommerce platform was quintessential and now carries more than a third of our business in addition to increasing efficiency with services like eConsignment (automatic stock replenishment and management) and eReturns. Fortunately, we completed our eShop re-launch early in the year, introducing a mobile-first approach and a product information management system to facilitate up- and cross-selling. Now available in 29 countries, the new e-shop enables customers to find and select the right products from our various brands and to purchase them all together in a single checkout procedure. The e-shop share of our business rose significantly in 2020.

Our #immediaXy campaign, which began in 2020 and features the Straumann BLX implant system, is our first example of an automated multi-channel

approach, offering unique personalized customer experiences, and developing hundreds of hot leads for the field sales force to follow and generate first orders. The introduction of an integrated multi-channel digital marketing approach that spans the entire customer journey from first contact to long-term loyalty reflects a disruptive digital-first mindset and state-of-the-art digital tools.

CONNECTING WITH KEY ONLINE OPINION LEADERS (KOOLS)

As communication went digital in 2020, we were able to leverage our network of KOOLS to create relevant content and intensify social media campaigns very quickly. Established in 2019, the #KOOL Expert Group comprises selected clinicians who are experts in their fields. They have a recognized presence in the digital world through blogs, podcasts, online courses, webinars, live-streamed events and social media channels. KOOLS typically attract sizeable audiences to their online channels and are gaining in number, relevance and influence.

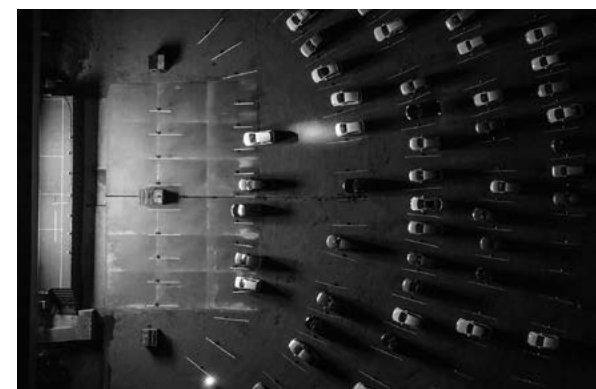
CUSTOMER CONSOLIDATION INCREASES

One of the most significant current trends is the rise in dental service organizations (DSOs), networks and chains, accompanied by a corresponding decrease in independent practices, particularly in North America, Europe and China. This accelerated in 2020, driven by business interruptions, general uncertainty, financial and other challenges that prompted small independent practices to seek partnerships.

DSOs range from local chains to international networks of fully integrated clinics. A single DSO can have more than a thousand clinics serving millions of patients each year. Such corporations are influential and have significant purchasing power. They also have special needs, including premium and challenger implant ranges, orthodontic solutions,



Early in the pandemic crisis there was an acute shortage of personal protection equipment for healthcare professionals. Our Yllier and etkon units responded to this by adapting production to make 3D-printed face shields and sanitizer fluid.



A drive-in cinema event organized by Neodent to boost morale during a difficult period when distancing requirements ruled out most other entertainment activities.

private-label lines, logistics services, support for international expansion, digital workflows, guided surgery, simpler, faster treatments, and support through education.

The Straumann Group is well equipped to address all of these needs and to capture the significant business opportunities that corporate customers offer. By continued close collaboration when others closed down, our dedicated global DSO business unit remarkably achieved revenue growth in 2020 despite the crisis.

Another achievement was to orchestrate an online summit, bringing more than 50 Chief Executives from the world's leading DSOs together with top speakers to discuss the impact of COVID-19 on DSO leadership and the future of oral healthcare. The participants represented no fewer than 31 000 clinicians spread across 28 countries. The event provided valuable insights and enabled us to build important relationships for the future.

CONTINUING TO ADDRESS THE GENDER SHIFT

We continued to address the gender shift by supporting and encouraging female dentists to engage in implantology.

Our Women's Implantology Network initiative (WIN) brings female practitioners and academics together in order to network, inspire, mentor and gain deeper insights into their needs. The 2020 WIN summit was held virtually and welcomed more than 3800 dental professionals from 120 countries, offering education, advice, technology updates and networking opportunities over seven days. During the year, the WIN membership doubled to more than 4000.

BUILDING RELATIONS WITH THE NEXT GENERATION

Attracting young dentists is important for sustaining our success. Past perception-pulse studies revealed that their most common expectation from companies like ours is help in building a reputation and a business. To meet this expectation, the Straumann Young Professional Program offers education on dental skills, practice management and marketing. These events also took place virtually in 2020, when social media campaigns and community management became even more relevant.

Notes and references

- 1 Lu M. Occupations with the highest COVID-19 risk. Visual Capitalist, World Economic Forum 2020.



This young female dentist got to know Straumann during her studies. She was a participant in our Young Professional Program and has become a proficient implantologist.

Our dedicated global DSO business unit remarkably achieved revenue growth in 2020 despite the crisis.

EMPLOYEES

High-performance organizational culture sustained

SOLIDARITY AND AGILITY IN ADAPTING TO NEW REALITIES

Geared for strong business expansion, our global workforce doubled in the three years prior to 2020 and we added almost 100 new positions early in the year. COVID-19 put recruiting plans on hold as we acted quickly to adapt our costs to the drop in revenues. Wherever possible, we implemented reduced working hours and pay, as well as voluntary pay cuts for leadership.

Regrettably, structural resizing was unavoidable. We reduced our global workforce by approximately 660 jobs across all countries and functions, making every effort to conduct the process in a responsible, timely and fair manner in full awareness of our social responsibilities and obligations as a global employer. Thanks to suggestions from our staff, we were able to minimize the number of redundancies and mitigate the effects. We are deeply grateful for the understanding and professionalism of all our colleagues, especially those whose positions were cut. We are also grateful for the solidarity and selflessness of those who took voluntary pay reductions to reduce the impact of the crisis on jobs.

At year end, our global team totaled 7340, including 260 added through the strategic acquisitions of DrSmile (Germany) and Artis Bio Tech (Romania).

Our largest investment in people is to encourage the cultural mindset that fosters constructive behavior, collaborative leadership and high

performance. Over the past seven years, our Cultural Journey has shaped our company, helping us to achieve sustainable market outperformance and share gains – even in 2020. Cultural attributes like agility, taking responsibility, customer focus, and creating opportunities have enabled us to weather the storm and prepare to rebound strongly.

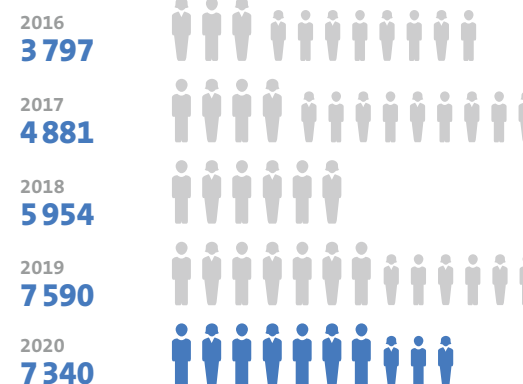
CULTURE IN ACTION

We are convinced that a high-performance culture must be intentionally nurtured by creating an environment where our people:

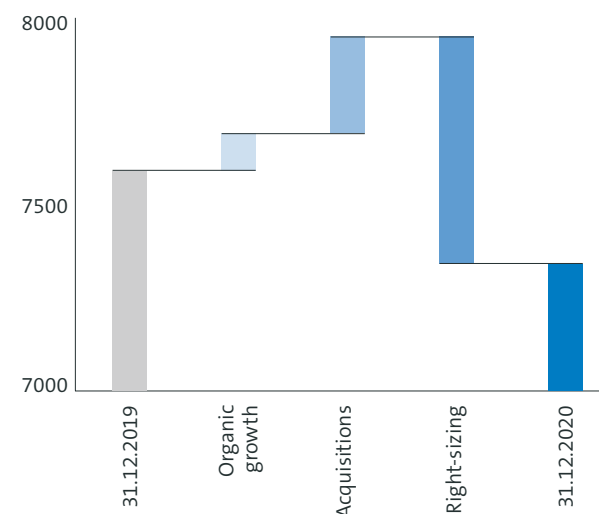
- feel safe to express themselves freely
- feel accountable and passionate about our purpose and journey
- consistently perform above expectations
- feel respected for their contributions to results
- receive recognition both internally and externally for being part of a great organization.

Although many face-to-face learning events and culture programs had to be cancelled in 2020, our high-performance culture was sustained through the provision of timely and easily accessible virtual activities. A new suite of online connection and learning opportunities was developed, with emphasis on virtual collaboration, coping with uncertainty and remote management. These innovations will be reviewed and built on in 2021.

Employees



Headcount development 2020



NEW GLOBAL PULSE CHECK – WE ENGAGE

We developed our annual global staff survey significantly, using a new technology platform to gain further insights and take appropriate action. Branded weEngage, the survey assured anonymity and was available online in 18 languages. In spite of the challenging times, the results were very encouraging: the response rate was 86% (up from 77% in 2019) and the engagement score of 78 was four points above global benchmarks. Over 8000 comments helped to identify areas for development in recognition, inclusion, communication and taking action based on the results. weEngage confirmed our key strengths: pride in working for Straumann Group, excitement in the future and confidence in the meaning and purpose of our work.

A FRESH LOOK AT DEVELOPING SKILLS

Training and development are essential to meet the requirements for an international company in the medical device industry and are keys to attracting and retaining top performers. Our Strategic Management Development process involves ongoing review of senior management, people in critical roles and future leaders. Our goal is to fill most business-critical and key management positions with internal candidates. This year we took a fresh look at our way of viewing talent within the organization, focusing on how alignment with our cultural principles is reflected in personal growth, development goals and succession planning.

After a successful pilot project in 2020, we will globally launch a new learning platform, weLearn, in 2021, that will allow us to expand our online learning portfolio, to connect as a community through social learning features and to track learning.

Health and safety training continued throughout the year and no workplace fatalities or serious accidents were reported.

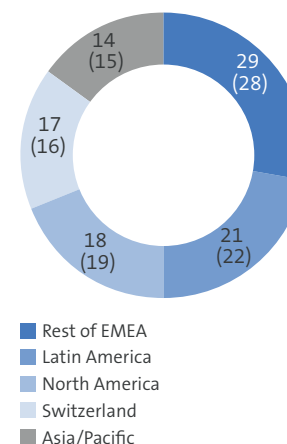
REDESIGNING OUR RECRUITMENT PROCESS AND POLICIES

We internally transfer or externally hire approximately 2500 people each year. As our global business evolves, we must understand the expectations of a new generation of candidates and ensure our access to the skilled people required to support our organization's growth. To attract and retain world class talent we will develop a new global employer brand, refine interview and assessment capabilities for our 2000 global hiring managers and redesign our recruitment process and policies. In 2022, a new Global Careers website will include candidate relationship management and an employee skills platform to help us track internal employee capabilities. The system will connect across many HR platforms, enabling real-time analytics and insights.

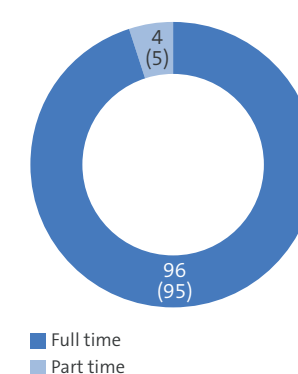
DIVERSITY, INCLUSION AND BELONGING STRENGTHEN HIGH-PERFORMANCE CULTURE

The Straumann Group recognizes that the diversity of our employees, a culture of inclusion and a sense of belonging bring new perspectives, foster innovation, provide insights about our market and add value. Our global team includes more than sixty nationalities in more than a hundred countries. We believe in embracing and celebrating individual differences, for example in gender, gender identity, religion, age, nationality, ethnicity, disability, marital or family status, pregnancy, sexual orientation and cultural background. Discrimination based on any of these traits is not tolerated.

Employees by region
in %



Employment
in %



Numbers in brackets refer to 2019.

Global staff survey



Comments
>8000

Response rate
86%

Engagement score
78 4 pts above
global benchmark

In 2020, the Group's gender diversity remained well balanced with room for further improvement at management level: women account for 42% of our employees and 35% of our managers world-wide.

Diversity, inclusion and belonging are recognized as priorities within our Cultural Journey. Current initiatives include measuring inclusion in weEngage, strengthening our global female talent pipeline to increase the number of woman managers, recognizing events and causes relating to minority groups, and addressing any gender pay gaps that may exist.

RESPONSIBILITY AND ETHICAL BEHAVIOR

Our Code of Conduct is part of our employment contracts and is designed to ensure that all our people conduct business in a legal, ethical and responsible manner. It is mandatory and includes requirements for good corporate citizenship, including respect for people, property and the environment. In 2020, we began to offer a world-wide hotline for staff to report compliance concerns (see p. 53). During the year, six Code violations were confirmed, and appropriate corrective actions were taken, including four dismissals.



France



Brazil



Thanks to the engagement, flexibility, responsible behavior and perseverance of our entire team around the world we have been able to maintain operational continuity, ensure product availability and stay close to our customers throughout 2020.

Human resources key figures¹

Parameter		Unit	2020	2019	2018
Staff size	Employees	Total headcount	7101	7 590	5 954
		Full-time equivalents	7015	7 494	5 874
Employment type	Part-time employees	% of headcount	4	5	4
Gender diversity	Women in general staff (excl. Mgmt)	%	44	44	46
	Women in management ²	%	35	35	32
	Women in SMD pool ³	%	31	37	31
Training and education	Investment in staff learning ⁴	CHF million	3.1	3.9	2.9
	Average annual training & learning	Days/employee	3	4	4
Turnover and absence	Staff turnover ⁵	%	19	14	13
	Absence rate due to sickness ⁶	%	3	4	4
	Absence rate due to workplace accidents ⁶	%	0	0	0
	Work-related fatalities	Number	0	0	0
Employee protection	Reported cases of discrimination/harassment	Number	1	1	2

Staff structure by category and age group¹

in %

Age	<30	30–50	>50	Unit	2020
General staff (excl. Management)	14	58	12	% of headcount	83
Management ²	0	13	4	% of headcount	17
TOTAL	14	70	16		100

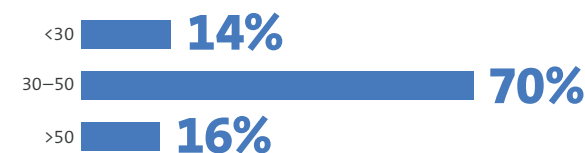
- 1 Excluding DrSmile (consolidated as of September). Total headcount at DrSmile per 31 Dec 2020 was 239 (220 FTE), bringing the Group total headcount to 7340.
- 2 Job position "Manager" and all levels above.
- 3 Strategic Management Development group (senior management reporting to the EMB plus outstanding talents identified throughout the organization).
- 4 Only direct expenses for internal and external training activities are counted here. Salaries paid to employees while in training are additional and are not included.
- 5 Includes resignations and terminations.
- 6 Switzerland only. Proportion of absence time compared to target working hours.

Gender¹

42%



58%

Age¹Leadership by gender¹

35%



65%

TOGETHER STRONG WITH CHARITY [#TogetherStrong](#)

According to World Vision, the Syrian refugee crisis is the largest refugee/displacement crisis of our time. Nearly 12 million people need humanitarian assistance; at least half are children. Many have taken refuge in neighboring Jordan. Living without resources in makeshift conditions, they don't have the luxury of a balanced diet and neglect oral hygiene. The prevalence of tooth decay is high. Andi Herzog, a Swiss airline pilot, saw this urgent need while working voluntarily with the NOIVA foundation. His visionary idea of creating a mobile clinic staffed by local dentists to provide treatment for refugees in the region became a reality in 2018. Straumann has supported the project from the outset and is committed to sponsorship for several years to come.

At the time of writing the clinic was in the village of Jaber al-Sirhan, 2km from the Syrian border, offering extraction, filling, root-canal treatment, cleaning and polishing. Prevention is also an important part of their work.

During the pandemic lockdown in March, the team responded to a government request to establish an emergency clinic for patients with severe dental problems. Unfortunately, they had to withdraw after just two weeks when overcrowding made it



impossible to continue. A few weeks later they resumed service in Mafraq but on a reduced scale, because restricted space in the truck and safety precautions against viral spread prevented use of their second chair. Cleaning and running fresh air through the clinic after each treatment further limited patient flow. Furthermore, the need to renew their license and adjust the vehicle put them out of action for several weeks in the fall.

Despite the hurdles, they succeeded in offering 2000 treatments in 2020 and are eager to get back to full capacity as soon as the COVID-19 situation is more stable. Proud to be their sponsors, we salute their tremendous courage and selfless devotion to creating smiles and restoring confidence for those who are in such need.

COMMUNITIES

Working together with long-standing partners to create smiles for those in need

MAKING A MEANINGFUL DIFFERENCE IN A SUSTAINABLE WAY

The provision of safe, effective, lasting solutions that enhance well-being and quality of life is our biggest contribution to the community. Over the years, our solutions have helped dental professionals to create smiles and restore confidence in millions of people around the world. Still, millions lack access to even the most basic dental care. This is the motivation behind our charitable activities, which focus on dentistry, where we can make a meaningful difference.

CLEAR PRINCIPLES AND TARGETS

Our Corporate Sponsoring Committee evaluates requests and initiatives according to clearly defined principles and policies. We set clear goals and look for continuity as well as sustainability in the projects we support, which is reflected in our long-standing relationships and commitments. Despite the constraints imposed by the pandemic, we were able to support approximately 20 projects around the world in 2020 (see table on p. 71). Owing to travel and quarantine restrictions, we received fewer requests than usual and some projects were cancelled.

CONTINUITY AND SUSTAINABILITY

Because we strive for sustainable long-term commitments where appropriate, many of our charitable projects have been running for several years and include:

- Straumann AID (Access to Implant Dentistry), a global initiative to help underprivileged patients who need but cannot afford treatment. This program has been running since 2007 and relies on collaboration with dentists or dental surgeons who provide treatment without charge, while we donate the relevant products.
- The National Foundation for Ectodermal Dysplasia (NFED), a US-based non-profit organization that helps ED patients and their families. Among other symptoms, ED patients typically show severely malformed or missing teeth from infancy. We provide free implants and prosthetics in addition to financial support for the NFED, which has been our partner since 2004.
- The Sonrisa project providing free dental treatment to orphaned children in Nicaragua. Our engagement in this project began in 2006 and has included the education of a young local dentist. In 2020, the scope expanded to provide dental treatment to the underprivileged local community.
- Novos Sorrisos (New Smiles), Neodent's mobile dental clinic in Brazil, which has been operating since 2016. Staffed by 200 volunteer dental professionals, it has travelled across the country to serve thousands of patients free of charge. The project had to be suspended because of the pandemic and the truck was converted into a canteen for COVID-19 front line medical staff.



Treatment for a needy patient in Nepal provided through Dental Volunteers with sponsorship from Straumann.



Many of the charitable projects we sponsor include education in dental healthcare, like this one in Jordan.

- The Rebuilding Smiles initiative in Australia, which provides free dental work to children and women who have suffered dental injury in domestic violence. We began our support in 2017 and increased it in 2020.
- The NOIVA project in Jordan operates a mobile dental clinic offering dental treatment to refugees along the Syrian border. Our support started in 2018 and will continue for some years. Although safety precautions against COVID-19 reduced capacity significantly, the team succeeded in offering 2000 treatments in 2020 – despite lockdowns and several weeks' interruption to renew the vehicle's certification.
- The Dharma Wulan Foundation team of volunteer surgeons based in the Siloam Teaching Hospital, Jakarta, and reaching out to remote areas of Borneo and Kupang to treat children with dento-facial (cleft) deformities. We have supported this initiative since 2018.
- The Stiftung schönes Lächeln (Beautiful Smile Foundation) in Switzerland, which is a collaboration with Swiss University clinics to help patients who need implant treatment but have limited financial means.
- #LetThemShine, a new initiative in the USA that provides free dental implant treatment to patients who cannot afford it. The initiative is supported by clinicians and funded by Straumann Group employees in North America.

HELPING YOUNG DENTISTS TO HELP NEEDY PATIENTS

We continued to fund scholarships to dental students and to support young dentists travelling to underprivileged regions to provide treatment and education in oral healthcare. Examples of this in 2020 were projects in Benin and Nepal in

collaboration with the German student network Dental Volunteers.

The catastrophic explosion in Beirut in August and the corona pandemic have had a profound impact on the economy and life in Lebanon. To support the local dental community, we made donations to more than 50 dental students affected by the disaster.

All of the aforementioned projects focus on dentistry and promote the Group's reputation among its stakeholders as a caring, responsible corporate citizen. This supports our business and thus adds value for our shareholders. We are grateful to our dental partners – many of whom are volunteers – for their devotion and for ensuring that the funds are used efficiently.

BEYOND DENTAL CARE

The fire that destroyed Camp Moria on Lesbos in September left more than 12 000 refugees without shelter, food and clothing, adding to the challenges of overcrowding, COVID-19 and future uncertainty. We responded by re-allocating funds from two cancelled projects to a relief organization in Lesbos with whom one of our staff had worked as a volunteer on sabbatical.

ACCESS TO TREATMENT

Apart from our charity programs that provide free treatment to patients who cannot afford it, we contribute to increasing access to treatment through:

- The provision of training and education: Our support for academic partners spans more than three decades and currently includes the ITI, ILAPEO, dental schools and academies around the world. In 2020, together with our academic partner the ITI, we created an extensive online

education platform offering a vast amount of education material free of charge during lockdowns. We also provide scholarships to help dental students from underprivileged areas.

- Our lower-priced brands and solutions offer greater affordability. Having been an exclusively premium implant company, we began investing significantly in lower-price brands and their international expansion in 2012. Today, more than 40% of the implants we produce are non-premium. In 2020, we introduced NUVO, a new brand of highly cost-effective, simple implant solutions, which we are rolling out internationally. Apart from this, we continue to develop innovative products and solutions that reduce costs or make treatment possible (e.g. small diameter implants, zygomatic implants, etc. for patients with insufficient bone).



A smile created for life – this youngster was born with a cleft palate deformity and was treated by a Dharma Wulan Foundation team of volunteer surgeons based in Jakarta, which Straumann has supported for several years.

Main initiatives and projects sponsored by Straumann in 2020

Region	Lead partner	Objective ¹	Status/results
Global	Straumann AID	Free implants and materials for needy individuals, supporting volunteer dentists	Ongoing since 2007
Australia	Australian Dental Association Rebuilding Smiles	Free dental treatment to women and children affected by domestic violence	Ongoing since 2017
Benin	Dental Volunteers	Free dental implant treatment for underprivileged people	Completed
Brazil	Neodent	Novos Sorrisos mobile dental clinic for the underprivileged	Ongoing since 2016, temporary use as a canteen for COVID front-line hospital staff
		COVID-19 relief: large donations of sanitizers and oral hygiene kits	Completed
Cambodia	Hope for All Clinic	Dental student scholarship program	Ongoing since 2007
	Mini Molars/Volunteers Mainz University	Dental treatment & supplies for underprivileged people	Completed
Germany	Jung & Krebs	Practical support for young people with cancer	Completed
	Time Out Foundation	Biking equipment for children at risk	Completed
	Association for Children with Cancer, Freiburg	Support for children with cancer and their families	Completed
Greece	EuroRelief	Refugee disaster relief, Moria Lesbos	Completed
Indonesia	Dharma Wulan Foundation	Treatment of children suffering from cleft palates	Ongoing since 2018
Jordan	NOIVA Foundation	Mobile dental clinic treating Syrian refugees	Ongoing since 2018; 2000 treatments in 2020
Lebanon	Saint Joseph University & Lebanese University	Disaster relief – support for dental students	Completed
Nepal	Dental Volunteers	Dental treatment & supplies for underprivileged people	Completed
Nicaragua	Sonrisa Foundation, Switzerland	Free dental care for underprivileged community	Ongoing since 2006
Switzerland	Stiftung schönes Lächeln	Affordable implant treatment for seniors with limited means	Ongoing since 2018
USA	National Foundation for Ectodermal Dysplasia	Free implants and prosthetics in addition to financial and public relations support	Ongoing since 2004
	Harvard School of Dental Medicine	Student scholarship	Ongoing
	Let Them Shine Foundation	Materials for Pro bono dental services	Ongoing

1 In each case clear prerequisites and goals were set.

GLOBAL PRODUCTION & LOGISTICS

Ensuring supply continuity – a key to gaining market share

MAINTAINING THE ENTIRE SUPPLY CHAIN DESPITE SIGNIFICANT HURDLES

Hardly surprisingly, the biggest challenges for Production & Logistics in 2020 were to protect personal health and safety, to ensure continuity in production and to maintain product availability.

Thanks to the responsible behavior of our production teams implementing effective action plans, safety precautions and preventative measures, we did not have to shut down any of our plants because of corona virus cases. We supported the global operations teams with a rigorous COVID mitigation and management procedure that included minimizing mobility and cross-team exposure, extremely disciplined use of masks and all other hygiene measures, entrance surveys, temperature monitoring, standardized approaches to respond to potential exposure using contact tracing and generous access to quarantine leave.

This was critical when demand surged as lockdowns eased and dental practices worked at full capacity to absorb pent-up demand. Despite significant hurdles, we succeeded in maintaining the entire supply chain from procuring raw materials to delivering finished goods to our local subsidiaries. One example of our efforts to secure material sources in our supply chain is the agreement we signed to acquire the ceramics specialist OxiMaTec in 2023.

Despite the many disruptions and the heavy impact on revenue development, we succeeded in sustaining our gross margin well above 70%.

ADAPTING/EXPANDING CAPACITY

Despite the general interruptions, we were able to make progress with our production expansion projects as we look forward to a return of the growth trends seen in recent years. Our new plant in Curitiba (BR) went into operation and began producing NUVO implants for the global rollout of this new brand. Our highly automated European production unit for clear aligners went into operation in Markkleeberg (DE) in the first quarter with an initial capacity of 10 000 units per day. Medentika's new factory in Oberreichenbach/Calw (DE) was completed, offering additional capacity and allowing us to insource various processes. All machinery, activities and staff were transferred from Renningen and the new site, including insourced activities, became operational in mid-December. Calw is Medentika's main production center for implant and multi-platform prosthetic solutions in addition to housing a new education facility. In Arlington (US), architectural work on a new factory was completed and construction is due to restart in 2021.

In Villeret (CH), Straumann's largest production center, interior construction of our new building was delayed temporarily and reinitiated with commissioning planned for mid-2021. Following the successful introduction of Neodent implants in India, the equinox brand was discontinued and the manufacturing unit in Thane (IN) closed.

UPGRADING INFRASTRUCTURE

In addition to ongoing expansion projects, we continued to invest in state of the art technology for implant production, for example new CNC lines, laser equipment, specialized packaging equipment and visual inspection robots. We implemented various software tools to support planning, product verification, product validation, and the submission and administration of regulatory applications.

CONTINUED INVESTMENTS IN DEVELOPMENT

The Group's cost reduction measures did not affect our development program, which continued despite the team's having to work remotely. This meant that important projects like Straumann's



Our highly automated clear aligner production facility went into operation in Q1. With a present capacity of 10 000 units per day, it can be expanded and replicated in other locations.

innovative TLX and zygoma implant systems as well as extensions to the BLX implant portfolio all continued on track. In addition, we invested further in our technology development capabilities, for example in 3D-printing and standardized fatigue testing.

SUPPLY CHAIN MANAGEMENT

With many airlines suspending operations during the crisis, delivery to our subsidiaries was very challenging but we were able to maintain the supply chain thanks also to successful proactive stocking in regions and key markets (e.g. USA, Brazil, China, Japan, etc.).

ENSURING PRODUCT INTEGRITY FOR THE HEALTH AND SAFETY OF PATIENTS

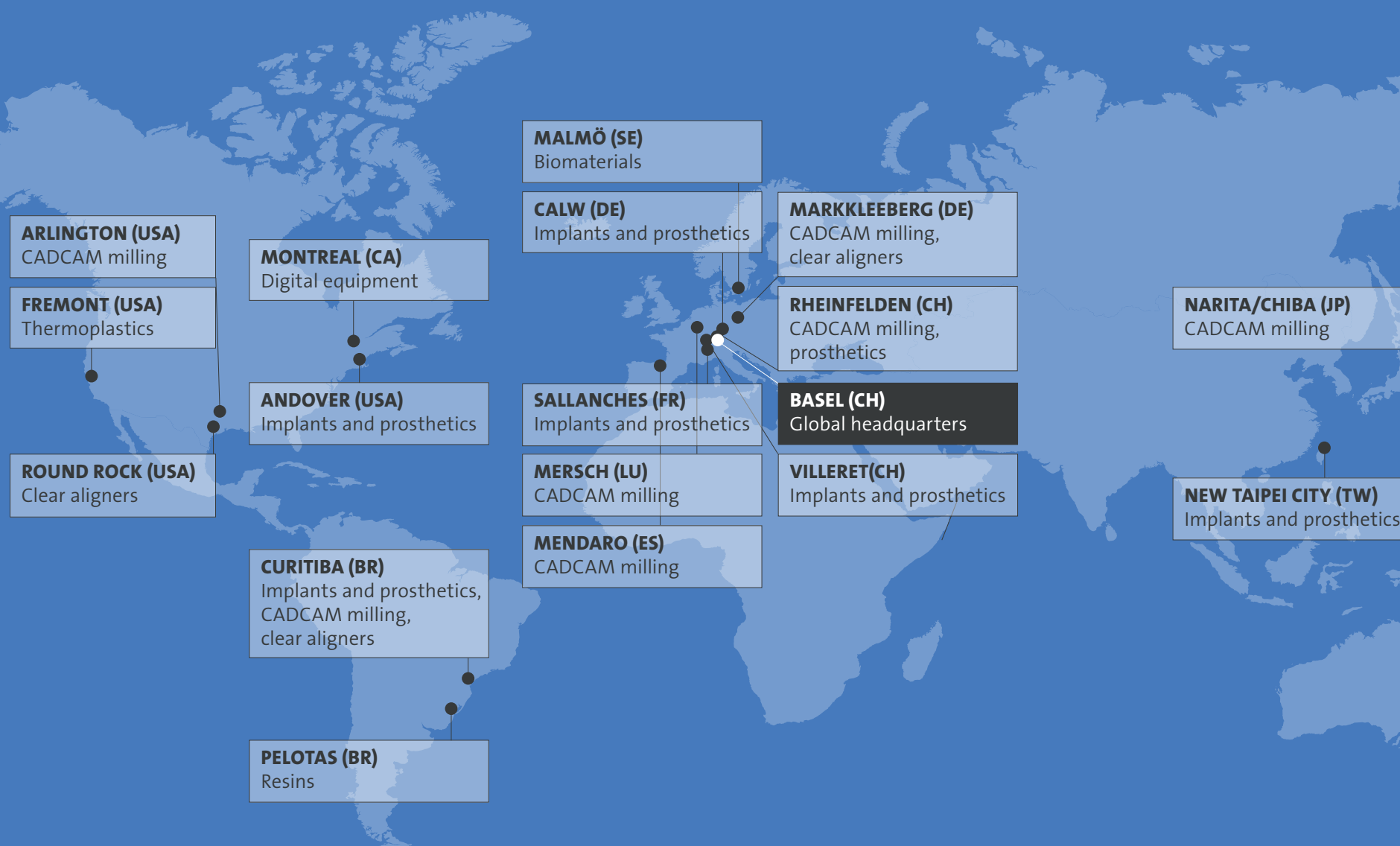
The integrity of our products and the health and safety of patients are paramount and are supported by state of the art quality management systems in production and development. Practically all of our 18 production sites are certified to ISO 13485 (see table on the right). The implementation of regulatory requirements is a management responsibility: controls to ensure product safety in the work environment are in place as well as risk management and design control measures in product development. Product traceability, validation processes for sterile medical devices and effectiveness of corrective and preventive actions are ensured (see p. 54f.).

Straumann Group production sites in 2020

Products	Location	Markets	Certifications and main countries for clearance, USFDA Establishment Registration (FEI)
Biomaterials	Malmö, Sweden (Straumann)	Global	ISO 13485, MSDAP ¹ ; FEI 3002806508
CAD/CAM prosthetics	Arlington, USA (Straumann)	US	Dental licence for lab activity; FEI 3005106405
	Markkleeberg, Germany (Straumann)	Europe	ISO 13485, MSDAP ¹ ; FEI 3011221537
	Mendaro, Spain (Createch)	Spain (Europe)	ISO 13485, Dental licence for lab activity
	Mersch, Luxemburg (Simeda Anthogyr)	Europe	ISO 13485, Dental licence for lab activity
	Narita, Japan (Straumann)	Japan (Asia)	ISO 13485, Dental licence for lab activity
	Rheinfelden, Switzerland (etkon)	Switzerland	Dental licence for lab activity
Clear aligners	Curitiba, Brazil (ClearCorrect)	Brazil	ISO 13485
	Markkleeberg, Germany (ClearCorrect)	Europe	ISO 13485, application pending
	Round Rock, USA (ClearCorrect)	Global	ISO 13485, MSDAP ¹
Digital equipment	Montreal, Canada (Dental Wings)	Global	ISO 13485, MSDAP ¹ ; FEI 3006945044
Implant systems	Andover, USA (Straumann)	Global	ISO 13485, MSDAP ¹ China, Russia FEI 1000121052
	Curitiba, Brazil (Neodent, NUVO)	Global	ISO 13485, MSDAP ¹ ; FEI 3008261720
	New Taipei City, Taiwan (T-Plus)	Taiwan, China, US	ISO 13485 US, China
	Renningen/Calw, Germany (Medentika)	Global	ISO 13485 US, EU; FEI 3013232153
	Rheinfelden, Switzerland (Valoc)	Global	ISO 13485; FEI 3011787401
	Sallanches, France (Anthogyr)	Asia, Europe, Russia	ISO 13485, MSDAP ¹ EU, Russia, China FEI 4224
	Villeret, Switzerland (Straumann)	Global	ISO 13485, MSDAP ¹ China, Russia; FEI 3002807318
Resins/thermoplastics	Fremont, USA (Bay Materials)	Global	ISO 13485 application pending
	Pelotas, Brazil (Yllier Biomateriais)	LATAM	ISO 13485

¹ MSDAP: Medical Device Single Audit Program, including Australia, Brazil, Canada, the United States and Japan.

Global production sites



ENVIRONMENT

A culture that balances economic performance and environmental targets

At the Straumann Group we are cultivating a high-performance corporate culture that balances economic performance, social commitments and environmental targets for the benefit of our stakeholders. We believe that environmental stewardship and combating climate change are essential to sustainable development and must be addressed collectively and globally. Mitigating our footprint by using energy and natural resources efficiently is a central element of our ambitions. As our operations have expanded rapidly, it is no surprise that our environmental footprint has also increased over the years.

The geographical spread, the speed of our growth and the acquisition of companies with different reporting capabilities add to the complexity of monitoring our impact on the environment. Nevertheless, we have strengthened our commitment and further expanded the scope of our environmental reporting to include recently acquired production facilities as well as larger non-production sites. In addition to providing further transparency, this will help us to create opportunities for meaningful improvement. Furthermore, we are in the process of analysing the use of vehicles by the Group, with a view to reporting and reducing emissions. Currently, the areas where we see the greatest leverage are in materials efficiency, waste management, energy use and water consumption. Care for the environment is included in our Code of Conduct for all employees, and our Code of Conduct for External Business Partners promotes the same goals in our supply chain.

BEYOND COMPLIANCE: SOUND ENVIRONMENTAL MANAGEMENT PRACTICES

As a supplier of medical devices, the Straumann Group complies with stringent regulations, including the analysis of raw materials and rigorous protocols for quality control to ensure the safety and effectiveness of our products. All manufacturing processes are fully documented to provide traceability.

In addition to complying with regulations, we track our energy consumption and resulting greenhouse gas emissions, we certify the environmental management systems at our principal manufacturing sites to ISO 14001, we communicate our progress over time and we have been participating in CDP's Climate Change program since 2010. In 2020, we improved our score from C to B- for the first time and reached the "Management" level of disclosure, which is awarded to companies taking coordinated action on climate issues. Our result places us above both the European overall regional average score and the medical equipment and supplies sector average.

In 2020, having successfully completed pilot initiatives (dunning process, vendor invoice handling, new procurement features, license management) we started the Global LEAN transformation program BEST (Business Excellence Straumann group) with a combination of skills development and improvement initiatives at the transactional and strategic levels. BEST integrates typical lean tools such as 5S workplace organization, efficiency improvement (8 wastes) and 5W & Pareto (root cause & prioritization). For 2021 we have several

continuous improvement projects in view, which are headed by a member of either the respective department or the BEST team.

Our goal is to become a lean company, which means achieving continuous efficiency improvements through the elimination of waste in manufacturing, warehousing, distribution, fulfillment and logistics processes. This extends to our energy consumption, material use, time management, quality control and handling of scrap and refuse. Increased productivity, improved safety and sustained employee commitment are additional benefits of lean initiatives and support the Group's strategic priority of further building a high-performance culture.



The Group continues to invest in state-of-the-art production technology to increase efficiency and reduce waste – for example these new Tornos CNC machines, which were installed in Andover in 2020.

Due to the COVID-19 pandemic we reduced business trips to an absolute minimum. Having learnt from this experience and adapted, we will seek to avoid unnecessary business travel and to reduce air travel in the future, when there is respite from the pandemic and mobility increases. In addition, we have several initiatives to reduce fossil fuel consumption by our staff commuting to work. These include public transport subsidies and encouraging the use of bicycles.

UNDERSTANDING OUR IMPACT

Both our business scope and our product portfolio have broadened significantly in recent years. Our product portfolio currently includes:

- dental implants and components made from pure titanium, titanium alloy and ceramic
- prosthetic elements made of ceramic, metal, or polymer
- clear aligners made of polymer
- biomaterials for tissue regeneration including proteins, collagens and bone derivatives
- digital equipment (e.g. scanners), milling machines and 3D printers, mostly manufactured by third parties and made mainly from metal, plastic, prefabricated electronic components and glass
- resins for 3D-printing and thermoplastics for clear aligner production
- prevention products (e.g. whiteners, fluoride varnish, airflow devices), hydrogen peroxidase and fluoride made by third party suppliers.

Our principal products, dental implants and abutments, are produced on turning and milling machines from metal rods/discs and ceramic discs/blanks. In the manufacturing process, we use



Medentika's new purpose-built facility in Calw is designed to increase capacity and efficiency.

cutting oil and other coolants/lubricants. Implant manufacture also includes sandblasting, acid etching, cleaning, packaging, and sterilization. We have also started to produce implant system components by ceramic injection moulding.

Our production processes make up our most significant internal environmental impact, followed to a much lesser extent by activities in research and development. We do not use significant amounts of heavy metals, such as mercury, lead, or manganese, which are often present in the production processes of manufacturers serving the dental industry.

MORE SITES COVERED IN OUR REPORTING

From 2019 on, we have extended the environmental data collection process beyond our production sites to include offices and warehouses with more than 100 employees. The data reported here aggregate our global headquarters in Basel, Switzerland, our country headquarters and logistics center* in Freiburg, Germany, Neodent's headquarters in Curitiba, Brazil, and our

production/logistics sites in:

- Andover, Arlington, Fremont*, and Round Rock (USA)
- Curitiba and Pelotas* (Brazil)
- Malmö (Sweden)
- Markkleeberg, Hügelsheim* and Renningen (Germany)
- Mendaro (Spain)
- Mersch (Belgium)
- Montreal (Canada)
- Narita (Japan)
- New Taipei City (Taiwan)
- Sallanches (France), and
- Villeret and Corgémont (Switzerland).

* newly added locations with data for 2019 and 2020

MATERIALS, WASTE AND WATER

Titanium consumption decreased slightly year-on-year reflecting the global impact of the pandemic, which was counterbalanced by new launches and production expansion at some locations. While implant volumes increased, the use of metals (mainly cobalt chrome alloy) for CAD/CAM prosthetics at our existing sites went down, reflecting the trend towards local milling by customers, a shift towards modern materials like zirconia and improvements in raw material yield by increasing nesting density, i.e. arranging items to obtain the largest number of prosthetics from each disc of raw material. Titanium recycling remained stable overall. The increase in thermoplastics consumption was due to the sustained, strong growth in our clear aligner business. Consumption of photopolymers, on the other hand, remained fairly stable.

The use of operating supplies such as oils, cleaning solvents and acids decreased reflecting the overall reduction in production.

Waste in general also decreased in 2020. The optimization of waste streams and improved separation of waste fractions continued to be an important driver in this context. Water consumption increased moderately, mainly as a result of the introduction of aligner production in Markkleeberg and the aligner production expansion in Curitiba.

The Group's paper consumption has steadily declined over the past years. This trend was strongly accentuated in 2020 due to remote working and the increased use of online meetings. Since 2016, Straumann has provided its Instructions For Use in digital form online, gradually replacing conventional, paper-based IFUs. To date, this has led to reductions in external paper use of about 319 tons.

Several initiatives to reduce waste and to save water were successfully implemented in 2020, including the following examples:

USA

- In Andover, we installed high-capacity equipment to compact metal turnings from our CNC operation into desirable 'pucks' which are processed by a local recycler. The equipment enables entrained cutting fluids to be separated completely, packaged and reused offsite.
- Capacities for recycling cardboard and paper have been increased.
- We installed a new aqueous cleaning line, which achieves the required implant cleanliness with 20% less water.

Switzerland and Germany

- We introduced a new ecologically friendly packaging concept for our Learn in a box initiative.
- In Villeret, we returned 10 000 plastic boxes for recycling instead of discarding them as refuse.
- Personal stainless-steel water bottles for each staff member reduce consumption of disposable plastic cups by 300 000 per year.

Sweden

- In Malmö, recycling stations were set up to optimize plastic waste separation.

France

- At various locations, we launched #MayTheEcologyBeWithYou, a campaign to encourage engagement in sustainable initiatives. Employees voted on actions proposed by Management, including the replacement of paper cups and plastic bottles with reusable alternatives.

Energy consumption declined slightly due to the pandemic, countered by new launches and production expansion in some locations.



ENERGY USE AND GREENHOUSE GAS EMISSIONS

More than 87% of the total energy consumed in 2020 was electricity. The remainder was associated with fuels for heating or manufacturing. In 2020, we began to analyse our global use of renewable energy systematically. More than 56% of the energy we consumed came from renewable sources. For electricity alone, the amount was over 64%. Several sites have already been relying on 100% certified green electricity. We will continue to work diligently to source renewable electricity or generate our own renewable energy wherever feasible in the future. Overall, our energy consumption declined slightly, reflecting a reduction due to the impact of the pandemic, countered by an increase due to new launches and production expansion in some locations.

Consumption of electricity and heating energy per capita increased moderately, reflecting the workforce reduction, production expansion and the installation of additional machinery. Greenhouse gas emissions developed in line with energy consumption. In addition to our initiatives to minimise waste and to save water, our efforts in 2020 to reduce energy consumption and greenhouse gas emissions in operations included the following:

- In Villeret, we installed a new gas boiler that is considerably more efficient, and we raised staff awareness of saving energy by switching off computers, monitors and desk lamps.
- In Andover, six new CNC turning machines went into operation, which significantly reduce cycle time and consume 30% less electricity.

Environmental key performance indicators (as per 27 January 2021)

		Performance indicator	Unit	2020	2019 ¹
Product raw materials 	Titanium	Consumption	tons	44.1	45.2
		Recycling (consumption minus product)	tons	24.6	26.4
	Cobalt chrome	Consumption	tons	7.4	11.4
		Recycling	tons	2.5	3.2
	Zirconia	Consumption	tons	5.7	5.6
	Thermoplastics	Consumption	tons	215.7	177.9
Operating materials 	Various oils	Consumption	tons	153.1	158.0
		Recycling	tons	59.0	106.8
	Cleaning solvents	Consumption	tons	65.7	78.7
		Recycling	tons	34.4	37.9
	Acids	Consumption	tons	80.0	100.0
	Paper	Consumption	million sheets	7.4	9.4
		Per capita ²	sheets/employee	1 798	2 113

1 New sites were included as of 2019 (see also p. 76). In addition, 2019 data quality was optimised, resulting in retroactive adjustments. The following data categories (topic-specific GRI disclosures) were significantly changed as a consequence of added sites and adjustments: materials (301-1), energy intensity (302-3), water withdrawal (303-3), greenhouse gas intensity (305-4), effluents and waste (306-2).

2 Per capita figures refer to headcount per end of year at relevant sites only.

Titanium consumption (tons)



-3 %

Titanium recycling (%)



-5 %

Oils and solvents consumption (tons)



-8 %





Oils and solvents recycling (%)



+8 %

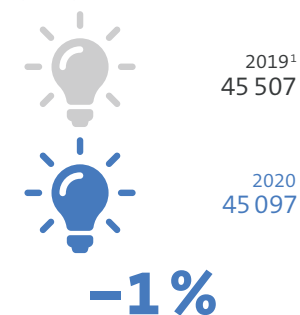
1 Figures include new sites as of 2019.

Environmental key performance indicators (as per 27 January 2021)

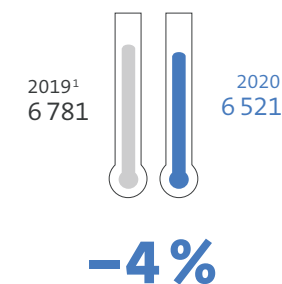
		Performance indicator	Unit	2020	2019 ¹
	Electricity	Consumption ³	MWh	45 097	45 507
		Per capita ²	MWh/employee	11.0	10.3
	Heating	Total heating energy	MWh	6 521	6 781
		– Fossil fuels	MWh	5 449	5 421
		– District heat	MWh	1 072	1 359
		Total heating energy per capita ²	MWh/employee	1.6	1.5
	GHG emissions	Total emissions	tons CO ₂ e	10 471	10 721
		– Direct (Scope 1) ⁴	tons CO ₂ e	1 136	1 185
		– Indirect (Scope 2) ^{5,6}	tons CO ₂ e	9 335	9 536
		Total emissions per capita ²	tons CO ₂ e/employee	2.6	2.4
	Water	Consumption ⁷	m ³	80 379	75 527
		Per capita ²	m ³ /employee	19.6	17.1
	Untreated waste water	Disposal	m ³	100	300
	Diverse waste	Hydroxide sludge	tons	13.2	17.9
		Contaminated material	tons	51	91
		Solvents	tons	8.1	25.5
	Refuse	Total refuse	tons	1 013	1 008
		Per capita ²	kg/employee	247	228

- 1 New sites were included as of 2019 (see also p. 76). In addition, 2019 data quality was optimised, resulting in retroactive adjustments. The following data categories (disclosures) were significantly changed as a consequence of added sites and adjustments: materials (301-1), energy intensity (302-3), water withdrawal (303-3), greenhouse gas intensity (305-4), effluents and waste (306-2).
- 2 Per capita figures refer to headcount per end of year at relevant sites only.
- 3 Includes 61 MWh (2019: 265 MWh) diesel consumption for electricity generation.
- 4 Scope 1 emissions comprise greenhouse gases emitted by sources owned or controlled by the Group, such as heating units.
- 5 Scope 2 emissions comprise greenhouse gases emitted in the production of electricity and district heat the Group consumes.
- 6 Greenhouse gas emissions associated with electricity consumption of 9097 t CO₂e (2019: 9235 t CO₂e) were calculated according to the location-based approach, as defined in the GHG Protocol Scope 2 Standard. Results are used as a proxy for the market-based approach.
- 7 Water was withdrawn from the following sources: municipal water supplies (freshwater) = 57 979 m³ (2019: 55 874 m³), groundwater (freshwater) = 22 400 m³ (2019: 19 653 m³).

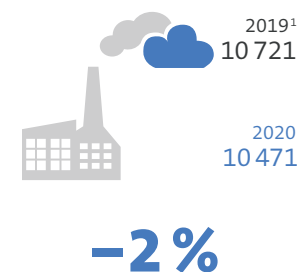
Electricity consumption (MWh)



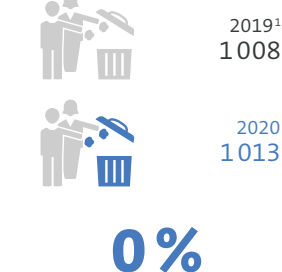
Heating energy (MWh)



CO₂e emissions (tons)



Refuse (tons)



1 Figures include new sites as of 2019.

CORPORATE GOVERNANCE

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**# TOGETHER
STRONG**

PRINCIPLES

The principles and rules of the Straumann Group's corporate governance are laid down in the [Articles of Association](#), the [Organizational Regulations](#) including the charters of the Board Committees, the [Code of Conduct](#) and various internal policies, e.g. on quality, IT, internal information and suppliers as well as employee regulations. They are the

basis of the Group's corporate governance disclosures, which comply with the Directive on Information relating to corporate governance published by the SIX Swiss Exchange, where Straumann's shares have been traded since the company's initial public offering in 1998.

Name	Straumann Holding AG
Domicile	Peter Merian-Weg 12, 4052 Basel, Switzerland
Listed on	SIX Swiss Exchange
Valor number	1228 007
ISIN	CH 0012 280 076
Ticker symbol	STMN
LEI number	50670046ML5FIM60Z37
Market Capitalization	CHF 16.4bn

GROUP STRUCTURE AND SHAREHOLDERS

The Straumann Group is headquartered in Basel. Its products and services are sold in more than 100 countries through its various distribution subsidiaries and through third-party distributors ([see world-wide locations](#)). The subsidiary management is responsible for managing the local daily business. As laid down in the Organizational Regulations, the respective Regional Sales Head, the CFO and the Chief Legal Officer are usually members of the supervisory body of the subsidiaries. Details of the Group's business segments can be found in Note 3.1 of the Audited Consolidated Financial Statements on p. 143 ff.

LISTED COMPANIES

Straumann Holding AG, the ultimate parent company of the Group, is listed in the main segment of the Swiss stock exchange. No other company of the Group is listed on a stock exchange.

NON-LISTED GROUP COMPANIES

The Group has partnered with and invested in a number of companies to support its strategic ambition of becoming a total solution provider in esthetic dentistry and targeting unexploited growth markets and segments. A list of the subsidiaries, associates and joint ventures of the Straumann Group as of 31 December 2020 can be found in Note 9.5 of the audited consolidated financial statements on p. 170 f.

SIGNIFICANT SHAREHOLDERS

The major shareholders on 31 December 2020 are listed in the table on the following page, which is based on shareholdings recorded in the share register and notifications on the [SIX Swiss Exchange online reporting platform](#). In 2020, the Group reported the following transaction according to Art. 20 of the Federal Act on Stock Exchanges and Securities Trading (Stock Exchange Act, SESTA):

The sale of shares by the Capital Group Companies, Inc., Los Angeles, California, USA, reducing its holding to less than 3%. Details of the transaction were published on the [SIX Swiss Exchange online reporting platform](#).

CROSS-SHAREHOLDINGS

The Group does not have, and has not entered into, any cross-shareholdings with other companies relating to equity or voting rights.

CAPITAL STRUCTURE

In April 2020, 27 840 conditional shares were converted into ordinary shares. There have been no further changes in the share capital in the past three years. On 31 December 2020, the share capital was composed of:

- 15 906 824 registered shares, fully paid in, each with a nominal value of CHF 0.10
- Conditional capital of CHF 25 612, divided into 256 115 conditional shares, each with a nominal value of CHF 0.10, which relates to 1.61% of the existing share capital.

The Group's conditional share capital is approved for an unlimited period for use in employee equity participation plans (see Compensation Report p. 113 and Note 8.3 of the Financial Report on p. 166 f.). Straumann Holding AG has no authorized share capital and no category of shares other than registered shares. There are no restrictions on the transferability of the shares.

The Group has not issued any financial instruments (participation certificates, dividend-right certificates, warrants, options or other securities granting rights to Straumann shares) other than the Performance Share Units granted to certain employees as a compensation component (see p. 115 f. for details), and a CHF 280 million domestic straight bond issued in 2020 and due on 3 October 2023 and a CHF 200 million domestic straight bond issued in 2020 and due on 3 October 2025 (see Note 7.2 on p. 157 f. for details).

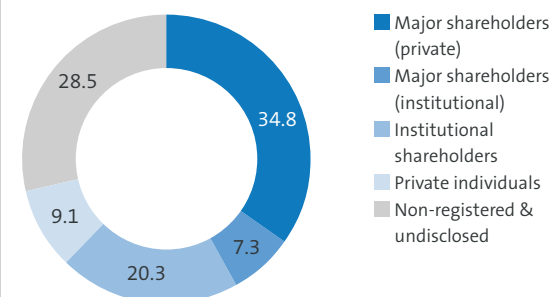
Capital structure

in CHF 1 000

	31 Dec 2020	31 Dec 2019	31 Dec 2018
Equity	1 209 943	1 367 222	1 204 320
Reserves	(333 346)	(194 447)	(157 503)
Retained earnings	15 36 490	1 556 272	1 356 839
Non-controlling interests	5 209	3 809	3 396
Ordinary share capital (fully paid in)	1 591	1 588	1 588
Conditional share capital	26	28	28
Authorized share capital	0	0	0
Number of registered shares	15 906 824	15 878 984	15 878 984
Treasury shares (% of total)	0.09%	0.09%	0.29%
Nominal value per share (in CHF)	0.10	0.10	0.10
Registration restrictions	None	None	None
Voting restrictions/ Voting privileges	None	None	None
Opting-out, opting-up	None	None	None

Shareholdings on 31 December 2020

by segment in %



Major shareholders

in %

	31 Dec 2020 ¹	31 Dec 2019 ¹
Dr h.c. Thomas Straumann (Vice Chairman of the Board)	16.9	16.9
Dr h.c. Rudolf Maag	11.2	11.5
BlackRock Inc. (concern) ²	7.3	7.3
Simone Maag de Moura Cunha	3.7	3.7
Gabriella Straumann	3.0	3.0
The Capital Group Companies, Inc. ²	n/a	3.0
TOTAL	42.1	45.4

1 Or at last reported date if shareholdings are not registered in the share register.

2 Not or only partially registered in the share register.

BOARD OF DIRECTORS OF STRAUMANN HOLDING AG



GILBERT ACHERMANN

Non-executive member

Swiss (born 1964)

Chairman of the Board since 2010, Board Member since 2009

Other main activities in 2020: Member of the Board of Julius Bär Group (Nomination and Compensation Committee), Vifor Pharma (Audit Committee Chair), Ypsomed (Compensation Committee), Swiss Medtech Association, Basel Chamber of Commerce (HKBB), International Team for Implantology (ITI)¹, Basel, Supervisory Board Member of IMD (Audit Committee Chair), Lausanne.

Career highlights: From 2002 to 2010, he was CEO of Straumann, which he joined as CFO in 1998. Later he served as Chairman and Co-CEO of the

Vitra Group, a family-owned furniture and retail company; Chairman of the Siegfried Group, a listed pharma service company, and Vice Chairman of the Moser Group, a privately owned luxury watchmaking company. He started his professional life at UBS in Investment Banking in 1988.

Qualifications: Executive MBA from IMD; Bachelor's degree from the University of Applied Science (HWV) in St. Gallen.

Key attributes for the Board: Mr Achermann represents continuity, stability and credibility among the various stakeholders. The Board benefits from his extensive knowledge of the dental industry as well as the deep experience and insight gained from directorships in other industries.

¹ For relationship to Straumann see Note 9.4 on p. 169.

DR H.C. THOMAS STRAUMANN

Non-executive member

Swiss (born 1963)

Member of the Board, Member of the Technology & Innovation Committee, Board Member since 1990

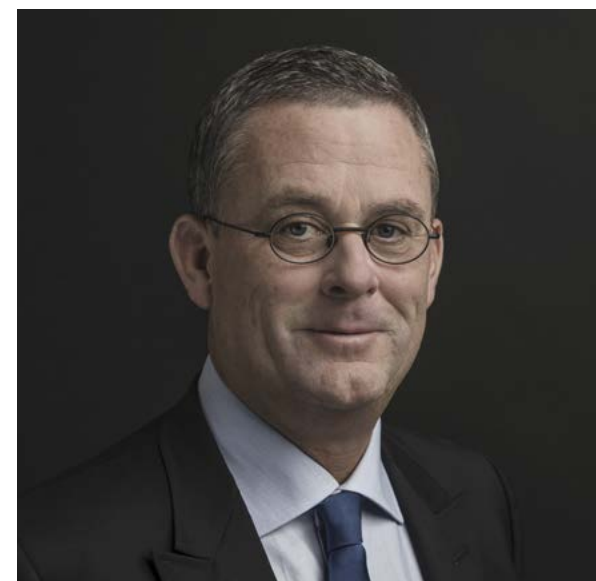
Other main activities in 2020: Board memberships: Centervision AG (Chairman), CSI Basel Horse Event AG (Chairman), Medartis AG (Chairman) and Grand Hotel Les Trois Rois, Basel (owner and Board member).

Career highlights: Thomas Straumann was responsible for establishing the new Institut Straumann AG in 1990 and was both CEO (–1994) and Chairman (–2002). Further examples of his success as an entrepreneur and businessman are the medical device company Medartis AG, of which he is the founder,

majority owner and Chairman; the Grand Hotel Les Trois Rois, Basel, of which he is the owner and a Board Member and the equestrian event company CSI Basel AG, of which he is Chairman. He has a diverse portfolio of interests, including not-for-profit activities.

Qualifications: Trained in precision engineering; studies at Basel Management School and the Management & Commercial School of Baselland; honorary doctorate from the Medical Faculty of the University of Basel.

Key attributes for the Board: Major shareholder of Straumann Holding AG and the Board's longest-serving member. He complements the Board with his understanding of the dental and medical device industries through personal management experience and various shareholdings.



**MONIQUE BOURQUIN**

Non-executive member

Swiss (born 1966)

Member of the Audit & Risk Committee and the Human Resources & Compensation Committee, Board Member since 2017

Other main activities in 2020: Member of the Boards of Emmi AG, Kambly Holding AG, Weleda AG. President of Promarca (Swiss branded goods association), Board Member of GfM (Swiss marketing association), Member of the Board of trustees of Swisscontact (NGO), lectures in the Executive MAS program of the Swiss Federal Institute of Technology (ETH), Zurich.

Career highlights: Having worked with PWC, Rivella and Mövenpick, Monique Bourquin joined Unilever in 2002. After four years as a Country Manager from 2008 to 2012, she became CFO for the GAS

region from 2012 to 2016. She also held board mandates in Promarca, various Unilever internal companies and two Unilever pension funds.

Qualifications: Degree in economics and finance from St. Gallen University.

Key attributes for the Board: In addition to her board experience in other companies, Monique Bourquin has a strong track record in general management, finance, marketing, distribution and leadership gained from her career in the international consumer goods industry.

Monique Bourquin has decided not to stand for re-election to the Board at the 2021 AGM.

DR SEBASTIAN BURCKHARDT

Non-executive member

Swiss (born 1954)

Member of the Audit & Risk Committee, Board Member since 2002

Other main activities in 2020: Partner at Vischer AG, Law firm in Basel, Zurich and Geneva, Member of the Boards of Dolder AG, Grether AG, Jungbunzlauer Holding AG and persona service AG.

Career highlights: After a year with Davis Polk & Wardwell in New York in 1985, Sebastian Burckhardt joined Gloor Schiess & Partners, a predecessor firm of Vischer AG, where he advises family owned businesses in the life sciences, banking and distribution fields.

Qualifications: Studies in Economics and Law; PhD in Law from Basel University; admitted to the Bar of Switzerland; Civil law notary in Basel; admitted to the New York Bar following studies at New York University School of Law.

Key attributes for the Board: Dr Burckhardt is an independent specialist in corporate and commercial law and in mergers, acquisitions, joint ventures, licensing, distribution and technology agreements. His knowledge includes many years of experience on corporate boards.



**MARCO GADOLA**

Non-executive member

Swiss (born 1963)

[Chair of the Technology & Innovation Committee, Board Member since 2020](#)

Other main activities in 2020: Chairman of the Boards of DKSH Holding AG and WS Audiology Ltd, Vice Chairman of the Calida Group, Board member of Medartis, Tally Weijl, Thommen Group and AVAG. He also runs his own company focusing on cultural transformation support and executive coaching.

Career highlights: During his tenure as CEO from 2013 to 2019, the Straumann Group doubled its revenue, more than doubled its profits and more than tripled its workforce. He rejoined Straumann in 2013 as CEO, having previously served as CFO and EVP Operations from 2006 to 2008. He spent the interim years at Panalpina, as CFO and Regional

CEO Asia/Pacific. Prior to his first term at Straumann, he spent five years at Hero, where he was CFO and responsible for IT and Operations. Previously, he spent nine years at Hilti in senior commercial, sales and finance positions. Earlier in his career, he worked for Sandoz International Ltd, as an Audit Manager and Swiss Bank Corporation in Corporate Finance.

Qualifications: Degree from Basel University in business administration and economics; various programs at the London School of Economics, IMD in Lausanne and INSEAD in Paris.

Key attributes for the Board: Having served many years as CEO and formerly as CFO of Straumann, Marco Gadola, has in depth knowledge of the company, the industry and its competitors. Marco also brings a wealth of experience from other companies and industries and has worked in many different geographies around the world all of which is highly valuable.

JUAN JOSÉ GONZALEZ

Non-executive member

Peruvian/US citizen (born 1972)

[Member of the Technology & Innovation Committee, Board member since 2019](#)

Other main activities in 2020: Chief Executive Officer at Ambu.

Career highlights: Before joining Ambu, Juan José Gonzalez served as President of Johnson & Johnson's orthopedic business, DePuy Synthes, in the US and as Chair of the Orthopedics Sector of AdvaMed in the US. Prior to this, he headed DePuy Synthes EMEA and was Vice President of J&J's Enterprise Program Office. Previously, he has held positions in global/regional management in J&J's consumer health business. He joined J&J in 2007

having worked for Pfizer, McKinsey and Procter & Gamble across various continents.

Qualifications: MBA from Notre Dame University, USA; Master's Degree in Technology Management from Columbia University, New York, USA; Bachelor's Degree in Industrial Engineering from Lima University, Peru.

Key attributes for the Board: Mr Gonzalez is an expert in the medtech and consumer-health sectors with a deep knowledge of global markets, healthcare systems and technology. He has multi-national experience and is skilled in strategy, execution, talent development and mentoring.



**DR BEAT LÜTHI**

Non-executive member

Swiss (born 1962)

Chair of the Human Resource & Compensation Committee, Board Member since 2010

Other main activities in 2020: CEO and co-owner of CTC Analytics AG, Zwingen, Member of the Boards of Inficon Holding AG (Chairman) and Apaco AG.

Career highlights: Beat Lüthi began his career with Zellweger Uster AG, a leading manufacturer of quality control equipment in textile production. In 1990, he moved to Mettler-Toledo International Inc and rose to the position of General Manager of the Swiss affiliate. He joined the Feintool Group in 1998 and was its CEO for four years. In 2003, he returned to Mettler-Toledo as CEO of the Laboratory Division. At the end of 2007, he joined CTC

Analytics to lead and further develop the company as an entrepreneur.

Qualifications: PhD in Engineering from the Swiss Federal Institute of Technology (ETH), Zurich, executive program at INSEAD.

Key attributes for the Board: Beat Lüthi combines entrepreneurship and corporate experience in different industries, which make him a valuable contributor to strategic and operational matters. His scientific background and experience as a CEO, Chairman and Board member are of further benefit.

REGULA WALLIMANN

Non-executive member

Swiss (born 1967)

Chair of the Audit & Risk Committee, Member of the Human Resources & Compensation Committee Board Member since 2017

Other main activities in 2020: Member of the Boards of Adecco Group AG (Audit Committee Chair), Helvetia Holding AG, Swissgrid AG (Finance & Audit Committee Chair); Supervisory Board Member of the Institute for Accounting, Control and Auditing at St. Gallen University.

Career highlights: Regula Wallimann worked for KPMG from 1993 to 2017. As a Global Lead Partner from 2003 on, she was responsible for several global companies. She was a member of the strategic partners committee of KPMG Switzerland from 2012 to 2014. In 2017, she started a new

career as an independent financial expert and board member.

Qualifications: Degree in Business Administration, Economics and Accounting from St. Gallen University, management studies at INSEAD, Certified Public Accountant in the US and in Switzerland.

Key attributes for the Board: Regula Wallimann is an expert in multinational group auditing, financial reporting, risk management and corporate governance.



Board of Directors – Competence matrix

	Executive experience	Finance, audit, risk management	Compliance, regulatory, legal	Capital markets, M&A	Core industry experience (dental)	Transferable expertise in related industries	International business experience	Digitalization, technology	Strategy, business transformation	HR, compensation	Board governance	Sustainability
G. Achermann	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	
T. Straumann	✓			✓	✓	✓	✓			✓	✓	✓
M. Bourquin	✓	✓				✓	✓		✓	✓	✓	
S. Burckhardt		✓	✓	✓						✓	✓	✓
M. Gadola	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	
J.J. Gonzalez	✓		✓	✓		✓	✓	✓	✓			✓
B. Lüthi	✓			✓		✓	✓	✓	✓	✓	✓	
R. Wallimann	✓	✓	✓	✓		✓	✓			✓	✓	✓

The Board comprised eight non-executive members in 2020. Having served on the Board since 2010 and most recently as Chairman of the Compensation Committee, Ulrich Loser decided not to stand for re-election in 2020. The company would like to thank him sincerely for his many contributions over the years and wishes him all best for the future. To fill the gap left by his departure, Marco Gadola was elected to the Board at the 2020 General Shareholders Meeting. Apart from this, the composition of the Board of Directors remained unchanged in 2020.

The Directors are all Swiss citizens with the exception of Juan José Gonzalez, who has Peruvian and US citizenship. The average age of the Board Members at year-end was 56.

ELECTIONS AND TERM OF OFFICE

The members of the Board, the Chairman, and the members of the Human Resources & Compensation Committee are all elected individually by the

Shareholders' General Meeting for a term of one year. Re-election is permitted until the age of 70.

If the position of Chairman or a position in the Human Resources & Compensation Committee falls vacant, the Board appoints a replacement from among its own members for the remaining term of office.

At the 2020 AGM, all of the existing Board members standing for re-election and the Chairman were re-elected and Marco Gadola was elected as new Board member. Monique Bourquin, Beat Lüthi and Regula Wallimann were elected to the Human Resources & Compensation Committee. Following the AGM, the Board appointed Beat Lüthi as its Vice Chairman, and Monique Bourquin, Sebastian Burckhardt and Regula Wallimann as members of the Audit & Risk Committee, and Marco Gadola, Juan José Gonzalez, Beat Lüthi and Thomas Straumann as members of the Technology & Innovation Committee. Regula Wallimann, Beat Lüthi and Marco Gadola

were appointed to chair the Audit & Risk, Human Resources & Compensation and Technology & Innovation Committees, respectively.

INDEPENDENCE OF BOARD MEMBERS

Mr Gadola served as the Group's CEO until the end of 2019. None of the other current members has been a member of the Executive Management of any of the Group's companies during the past three years nor had any significant business connections with Straumann Holding AG or any of its subsidiaries in 2020.

Petra Rumpf will be nominated for election to Board of Directors at the AGM in April 2021, allowing Straumann to continue benefitting from her insights, network and expertise (see p. 91). She served as a member of the Group's Executive Management until the end of 2020. Her election would add a second member to the Board who has served as an executive of the Straumann Group during the past three years. For details on her other board mandates see p. 102.

Straumann Board of Directors – Memberships in other Boards

Member	Commercial enterprise	Other entities/Charities	Location	Function
Gilbert Achermann	Julius Bär Gruppe AG/Bank Julius Bär & Co. AG ¹		CH	Board member
	Ypsomed ¹		CH	Board member
	Vifor Pharma ¹		CH	Board member
		International Institute for Management Development (IMD)	CH	Supervisory Board member
		Basel Chamber of Commerce	CH	Board member
		International Team for Implantology (ITI)	CH	Board member
		Swiss Medtech	CH	Board member
Thomas Straumann	Centervision AG		CH	Chairman
	CSI Basel Horse Event AG		CH	Chairman
	Grand Hotel Les Trois Rois		CH	Board member
	Medartis Holding AG ¹ & Medartis Group companies		CH	Chairman
Monique Bourquin	Emmi AG ¹		CH	Board member
	Kambly Holding AG/Kambly SA Spécialités de biscuits suisses		CH	Board member
	Swisscontact		CH	Board member
	Weleda AG		CH	Board member
		Swiss Board Institute	CH	Advisory Board member
		Promarca Schweizerischer Markenartikelverband (Swiss branded goods association)	CH	Chairwoman
		GfM Schweizerische Gesellschaft für Marketing (Swiss marketing association)	CH	Board member
Sebastian Burckhardt	Amsler Tex AG		CH	Board member
	Applied Chemicals International Group AG & group companies		CH	Board member
	Dolder AG		CH	Board member
	Grether AG & Gretherpark AG & Grether 3 AG		CH	Board member
	Immobilien-gesellschaft zum Rheinfels AG		CH	Chairman
	Jungbunzlauer Holding AG		CH	Board member
	persona service AG & personal service GmbH Schweiz		CH	Board member
		Fondation Bénina	CH	Board member

Member	Commercial enterprise	Other entities/Charities	Location	Function
Beat Lüthi	APACO AG		CH	Board member
	CTC Analytics AG		CH	CEO & Board member
	INFICON Holding AG ¹		CH	Chairman
Marco Gadola	DKSH ¹		CH	Chairman
	Calida ¹		CH	Vice-Chairman
	Medartis ¹		CH	Board member
	Tally Weijl		CH	Board member
	AVAG		CH	Board member
	WS Audiology Ltd.		DK	Chairman
	Thommen Group		CH	Board member
		Schweizerische Management Gesellschaft	CH	Advisory Board member
		Swiss American Chamber of Commerce	CH	Advisory Board member
Regula Wallimann	Adecco Group AG ¹		CH	Board member
	Helvetia Holding AG ¹		CH	Board member
	Swissgrid AG		CH	Board member
		University of St. Gallen, Institute of Accounting, Control and Auditing (ACA-HSG)	CH	Supervisory Board member

1 Publicly listed companies.

OTHER ACTIVITIES AND VESTED INTERESTS

Unless stated in their CVs or in the table above, none of the Directors:

- Performed any activities in governing or supervisory bodies of significant foreign or domestic organizations, institutions or foundations under private or public law
- Held any permanent management or consultancy position for significant domestic or foreign interest groups
- Held any official function or political post.

PERMITTED MANDATES OUTSIDE STRAUMANN (PURSUANT TO ART. 12 OAEC)

Art. 4.4 of Straumann's Articles of Association states that no member of the Board may perform more than 15 additional mandates (i.e. mandates in the highest-level governing body of a legal entity required to be registered in the Commercial Register or in a corresponding foreign register) in commercial enterprises, of which no more than five may be in listed companies.

The following are exempt from these restrictions:

- Mandates in enterprises that are controlled by the Group
- Mandates in enterprises that are performed at the instruction of the Group
- Mandates in associations, organizations and legal entities with a public or charitable purpose, and in foundations, trusts, and employee pension funds. No member of the Board of Directors may perform more than ten such mandates.

Mandates in several legal entities under common control or under the same economic authority are deemed as one mandate.

WORKING METHODS AND ALLOCATION OF TASKS

The Board of Directors meets for one-day meetings at least five times a year and as often as business requires. In 2020, the full Board held 6 meetings and 5 telephone conferences and made 3 circular resolutions. The Audit & Risk Committee held 7 meetings and 1 telephone conference, the Human Resources & Compensation Committee met 7 times each and the Technology & Innovation Committee met once. (see table on p. 91). The CEO and CFO generally participate in Board meetings and are occasionally supported by other members of the Executive Management Board (EMB). Dr Andreas Meier, Chief Legal Officer of the Group, is responsible for the minutes. The Board of Directors consults external experts on specific topics where necessary.

The Board conducts an annual evaluation of the performance of the EMB. It also provides mentoring to the EMB, with the aim of providing executives with an experienced sparring partner, coach and sounding board for testing ideas and seeking qualified independent opinions.

The Board of Directors has a quorum if a majority of its members is present. This does not apply to resolutions that require public notarization, which do not require a quorum. Valid resolutions require a majority of the votes cast. In the event of a tie, the Chairman of the meeting has the decisive vote. The Board is responsible for the overall strategic direction of the Group and its management, the supervision of the EMB and financial control. It reviews the company's objectives and identifies opportunities and risks. In addition, it appoints/dismisses the CEO and members of the EMB. The tasks and duties of the Board, as well as those of the Chairperson and Vice Chairperson, are listed in sections 4.2 and 4.3 of the [Organizational Regulations](#).

COMMITTEES OF THE BOARD OF DIRECTORS

The Board of Directors has an Audit & Risk Committee, a Human Resources & Compensation Committee and, a Technology & Innovation Committee, each consisting of no fewer than three Board members with relevant background and experience.

Board Committees

	Audit & Risk Committee	Human Resources & Compensation Committee	Technology & Innovation Committee
G. Achermann Chairman			
Dr h.c. T. Straumann Vice Chairman			Member
M. Bourquin	Member	Member	
Dr S. Burckhardt	Member		
M. Gadola			Chair
J. J. Gonzalez			Member
Dr B. Lüthi		Chair	Member
R. Wallimann	Chair	Member	

AUDIT & RISK COMMITTEE

Members: Regula Wallimann (Chair), Monique Bourquin and Dr Sebastian Burckhardt

**HUMAN RESOURCES &
COMPENSATION COMMITTEE**

Members: Dr Beat Lüthi (Chair), Monique Bourquin, Regula Wallimann

TECHNOLOGY & INNOVATION COMMITTEE

Members: Marco Gadola (Chair), Dr Beat Lüthi, Juan José Gonzalez, Dr h.c. Thomas Straumann

The members of the Human Resources & Compensation Committee are elected by the General Meeting for a term of one year. In the event of a vacancy in the Human Resources & Compensation Committee, the Board of Directors appoints the replacement from among its own members for the remaining term of office. The members and the chairpersons of both the Audit & Risk Committee and the Technology & Innovation Committee are appointed by the Board of Directors. The Human Resources & Compensation Committee constitutes itself.

The tasks of each of these committees are listed in their respective charters, which are attached to the [Organizational Regulations](#). The Board of Directors may establish further committees or appoint individual members for specific tasks.

Time (days) spent by Directors at Board/Committee meetings and on company related matters

2020 Meetings	Board (incl. 5 Telco, 3 Board Resolutions)	Audit & Risk Committee (incl. 1 Telco)	Human Resources & Compensation Committee	Technology & Innovation Committee	TOTAL DAYS
G. Achermann	13	8	7	1	70
T. Straumann	12	–	2	1	8
M. Bourquin	13	8	7	–	20
S. Burckhardt	13	8	–	–	19
M. Gadola	9	–	–	1	8
J.J. Gonzalez	13	–	–	1	10
B. Lüthi	13	–	6	1	15
R. Wallimann	13	8	5	–	35

**ASSIGNMENT OF RESPONSIBILITIES TO THE
EXECUTIVE MANAGEMENT BOARD**

The Board of Directors has delegated responsibility for the operational management and sustainable development of the Group to the Chief Executive Officer (CEO) and the other members of the EMB. For their specific responsibilities, see the chart on [p. 100](#) and section 5 of the Organizational Regulations. The Board may revoke delegated duties at any time.

The Board of Directors has not delegated any management tasks to companies or persons outside the Group.

PROPOSED NEW BOARD MEMBER

At the Annual General Meeting of the shareholders on 9 April 2021, the Board of Directors will propose the election of Petra Rumpf as a new Board Member. Her track record as a member of the Executive Management Board of the Straumann Group and her qualifications are presented in her CV on [p. 102](#). Her other activities in 2021 include memberships of the Boards of LimaCorporate in Italy, V-Zug Holding in Switzerland and Unilabs in Switzerland. Her key attributes for the Board include: extensive knowledge of the dental industry and the Straumann Group, a broad network and strong digital expertise.

INFORMATION AND CONTROL INSTRUMENTS VIS-À-VIS THE EXECUTIVE MANAGEMENT

MANAGEMENT INFORMATION SYSTEM

The Group's Management Information System encompasses management, business and financial reporting. The information is provided to the Executive Management Board once a month and to the Board of Directors as a monthly summary and in detail on a quarterly basis.

Straumann operates a state-of-the-art SAP enterprise resource planning system, which covers 90% of all business transactions of the Group's fully consolidated entities. The system links Group headquarters directly with all major subsidiary companies and production sites, including ClearCorrect which switched to SAP on 1 January 2021. Anthogyr, Turkey and Russia are due to follow early in 2022. This system greatly reduces the potential for error or fraud, and enables the Executive and Senior Management to monitor local processes and related figures directly, in detail and in real time.

In addition, the Board of Directors maintains close contact with the Executive Management and usually gains first-hand information through workshops, co-travel, site visits and participation in staff meetings. Unfortunately (but understandably) many of the client-facing interactions, on-site visits and co-travels were limited in 2020 due to COVID-19.

INTERNAL CONTROL SYSTEM

The Group's Internal Control System (ICS) is a key instrument for designing business processes, measuring progress towards financial goals and addressing potential financial issues before they occur. It also supports the design of business processes in order to achieve the desired level of control in terms of efficiency and effectiveness.

The company's approach is to ensure that internal controls are accurate, timely, robust, and receive appropriate management attention in each respect. To achieve this, dedicated control templates are used for each business process to address major risks. The templates are continuously improved.

In addition, each entity (sales affiliate, production site or global function) has a designated, trained person or team that is ultimately accountable for the assessment undertaken and the decisions arising from it. Clear benefits of the ICS include enhanced segregation of duties, increased control consciousness and higher awareness of potential risks and their consequences.

The ICS program is coordinated by the Group CFO, who meets with the external auditors on a regular basis to discuss the status of internal control issues and the status of remediation of control deficiencies. Internal controls are evaluated annually by the external auditors and by Internal Audit according to an agreed program.

INTERNAL AUDIT

The role of the Group's Internal Audit function is to provide independent assurance to the Board of Directors that the key risks of the organization are under control and to support Management in ensuring compliance, operational efficiency and control effectiveness across the Group.

A highly experienced team at KPMG in Basel complemented by local KPMG offices with specific local language skills and expertise executes the Internal Audit missions reporting to the Audit & Risk Committee. In 2020, two internal audits were performed at local level according to the audit program approved by the Audit & Risk Committee of the Board of Directors.

CORPORATE RISK MANAGEMENT

The Board of Directors is responsible for the overall supervision of risk management and uses the Internal Audit function to this end. The Board has delegated the task of risk management to the Chief Risk Officer (CRO), who is also the CFO. Through its Audit & Risk Committee, the Board assesses and discusses risks on a regular basis in consultation with the CRO and/or the relevant members of senior management (see p. 49 ff.).

EXECUTIVE MANAGEMENT BOARD (as of 1 January 2021)



GUILLAUME DANIELLOT

French (born 1970)

Chief Executive Officer

Career highlights: Guillaume Daniellot's career began in hospital product management, initially at Coloplast and then at B. Braun, as an international business unit manager. He switched to the dental industry in 2001, joining Dentsply France, where he became Sales & Marketing Director. He joined Straumann in 2007 as Managing Director of Straumann France. Two years later, he transferred to Group Headquarters to become Head of Global Sales Digital Dentistry. Shortly afterwards he took over responsibility for Straumann's Prosthetic Laboratory Business Group, including global

management of sales, marketing, product development, training and education. In both these roles, he was a member of the Corporate Management Group. He joined Straumann's Executive Management Board in 2013 serving as Head Sales Western Europe in 2013–16 and Head North America (2016–19). He took on his current role as CEO of the Straumann Group on 1 January 2020.

Qualifications: Bachelor's degree in Physics from the University of Dijon, Master's in Marketing from FGE in Tours, Master's in Business Administration from ESC European School of Management, Paris.

Other activities: Member of the Board of the ITI¹.

¹ For relationship to Straumann see Note 9.4 on p. 169.

DR PETER HACKEL

Swiss (born 1969)

Chief Financial Officer

Career highlights: Peter Hackel rejoined Straumann as CFO in 2014 after three years at Oerlikon Industrial Group, where he was CFO of the global segment Oerlikon Drive Systems. He first joined Straumann in 2004 in a project management and business development role and rose to become Head of Group Controlling and member of the Corporate Management Group. Prior to his first tenure at Straumann, he spent three years at Geistlich Biomaterials as Director of Marketing & Sales Orthopedics and two years at McKinsey & Company as a consultant.

Qualifications: PhD in Biochemistry and Molecular Biology from the Swiss Federal Institute of Technology (ETH) in Zurich, studies in Business Administration at the University of Hagen in Germany.

Other activities: Member of the Board of Directors of Georg Fischer AG, and Member of the Board of the Swiss Association of Chief Finance Officers.



**WOLFGANG BECKER**

German (born 1966)

Head Distributor and Emerging Markets EMEA (as of 2021 including Sales Central and Eastern Europe)

Career highlights: Wolfgang Becker began his professional career at Straumann in 1986 and held a series of managerial positions of increasing responsibility in the company's German subsidiary, becoming Head of Human Resources in 1991, Head of Marketing in 2000, and General Manager of Straumann Germany in 2001. He served on Straumann's Executive Committee as Head of Sales Europe from 2005 to 2006. His responsibilities then focused on the company's business in Central and Eastern Europe and distributor markets. In 2013, he rejoined the Group's Executive Management Board as Head Sales Central Europe & Distributors EMEA.

Qualifications: Commercial Apprenticeship plus a number of business school diplomas including that of the St. Gallen Management Center.

CAMILA FINZI

Brazilian (born 1972)

Head Orthodontics Business Unit

Career highlights: Camila Finzi joined Straumann in January 2020 from Alcon, the world's largest eye-care device company, where she was responsible for the Latin America and Caribbean Region. From 2004 to 2013, she worked for Alcon's parent company, Novartis, rising through managerial positions of increasing responsibility in Marketing and Sales to business-unit and regional leadership. Prior to joining Novartis, she spent four years at Pfizer, initially in Finance and subsequently in senior pharmaceutical product management. The first six years of her career were in Finance at Cargill and Arthur Andersen.

Qualifications: Bachelors' degree in Economics from Fundação Armando Álvares Penteado University, São Paulo; MBA from Fundação Dom Cabral Business School; Executive Education program at Harvard University.



**HOLGER HADERER**

German (born 1969)

Head Marketing & Education

Career highlights: Prior to joining the EMB in his current role at the beginning of 2020, Holger Haderer very successfully managed the Group's largest European business, in Germany, for three years. He spent the previous seven years as Head Marketing & Sales Western Europe, including an ad-interim stint of 14 months as Country Manager of Straumann France. He joined Straumann in 2006 as Head of Marketing & Education in Germany and became Head of Market Management Dental Labs in 2008. He began his career in 1991 at Sulzer Medica in product management, marketing and sales.

Qualifications: Degree in Economics from Baden-Wuerttemberg Cooperative State University (DHBW).

MARK JOHNSON

US citizen (born 1958)

Head Research, Development & Operations

Career highlights: Mark Johnson joined the Straumann Group on 1 May 2020 from Eprexia (a former division of Thermo Fisher Scientific that was acquired by KKR in a carve-out transaction), where he was responsible for global operations since 2016. He spent the previous 10 years with Medtronic with responsibility for Operations and Supply Chain. From 2003 to 2006, he worked for Philips Electronics Oral Healthcare (Sonicare), prior to which he held senior managerial positions in two manufacturing firms serving the medical device and computer industries.

Qualifications: BSc in Mechanical Engineering from the University of Washington; graduated in the Management Program at Foster School of Business at the same university; Six Sigma Green Belt and Certified Lean Expert.



**PATRICK LOH**

Malaysian (born 1967)

Head Sales Asia/Pacific

Career highlights: Patrick Loh joined the Straumann Group in his current role in 2017, having spent the previous three years with Haemonetics Corporation, a global provider of blood/plasma supplies and services, where he was President of the Asia/Pacific region and a member of the Corporate Operating Committee. His career spans thirty years in the medical device and life science sectors with multinationals including Thermo Fisher Scientific, Kinetics Concepts and B.Braun. Starting in product management, he rose through general country management to regional leadership, establishing a strong track record of commercial success and strategic business growth. He has spent most of his career based in China and Hong Kong.

Qualifications: Studies in marketing in Malaysia; Executive MBA from Olin Business School, Washington University, USA; Executive Programs at INSEAD, Singapore and Babson College, USA.

Other activities: Chairman of the Essence & DM Dental Industry Investment Partnership, a private equity fund addressing the dental sector in China.

DIRK REZNIK

German/Swiss (born 1966)

Head Digital Business Unit

Career highlights: Dirk Reznik joined the Straumann Group in 2020. He is an experienced executive with a proven international track record in electronic consumer products and digital ecosystems. He joined Straumann from the Vorwerk Group, where he was CEO of its largest division, Thermomix, for 9 years. Mr Reznik began his career at Vorwerk in 1993 and progressed through positions of increasing responsibility in marketing, business development, country management and divisional leadership.

Qualifications: Degree in Business Administration from the University of Paderborn, CAS HSG (Certified Director for Board Effectiveness) University of St. Gallen.

Other activities: Member of the Boards of Amor Holding in Germany, Gilde Management Buy out in Switzerland, and Moguntia Food Group in Switzerland.



**ALASTAIR ROBERTSON**

British (born 1960)

People Management & Development

Career highlights: Before taking on his current role at Straumann in mid 2019, Alastair Robertson served as Chief HR/People Officer and Member of the Executive Board in each of his three previous companies: Kingfisher Plc (2016–19), C&A (2014–16) and Panalpina (2007–14). In his last role at Kingfisher he also held overall commercial responsibility for their Spanish business, Brico Depot. Prior to this, he spent 11 years with Tetra Pak in senior HR positions and in line management, and then in training and development with W.H. Smith and Graham Builders Merchants in the UK. He has considerable international experience, having lived and worked extensively on all continents. He began his professional career in the British

Military Forces gaining his Officer's Commission at the Royal Military Academy Sandhurst before serving in the Royal Engineers including in the Falklands as Head of the Joint Services Bomb Disposal Unit.

Qualifications: MBA from Huddersfield University, Commendation from IMD, Lausanne, Chartered Fellow of the Institute of Personnel and Development (FCIPD).

AURELIO SAHAGUN

Spanish/US citizen (born 1973)

Head Sales North America (as of 2021)

Career highlights: Aurelio Sahagun joined Straumann having most recently served as President of the Orthopedics Division for the multinational medtech firm Microport Scientific. Before joining them in 2014, he spent seven years at Wright Medical Technology in the Netherlands, initially in finance and subsequently in senior sales and regional management positions. Prior to his medtech career, he spent six years in the finance and banking industry.

Qualifications: Bachelors' degree in Economics from the Autonomous University of Madrid, MBA from HEC School of Management in France.



**MATTHIAS SCHUPP**

German (born 1964)

Head Sales Latin America, CEO of Neodent

Career highlights: Matthias Schupp joined Straumann from Procter & Gamble in 2007 as Regional Manager, Western Europe. In 2013, he was appointed Head of Sales LATAM and joined the management of Neodent, of which he became CEO early in 2015. He joined Straumann's Executive Management Board at the beginning of 2016. He began his career in marketing and customer service with Merck KGaA, the German pharmaceutical, fine chemicals and diagnostics company, and rose through country management to the position of Regional Manager Latin America and USA. He moved to Wella in 2000 as Managing Director of the business in Russia and became Managing Director Professional Care Portugal in 2004, following the acquisition of Wella by P&G.

Qualifications: Graduated from the German/Brazilian High School in Rio de Janeiro; on-the-job training in management and business administration through professional development programs at Merck and P&G.

ROBERT WOOLLEY

US citizen (born 1976)

Head Sales Western Europe (as of 2021);

Head Sales North America (2020)

Career highlights: Robert Woolley joined Straumann in fall 2019 and took over as Head Sales North America. He moved to his current position as Head Sales Western Europe at the beginning of 2021. Before joining Straumann, he headed the ENT business unit of Stryker, a leading medical technology company, which he joined in 2014 as Managing Director and General Manager of the Neurovascular business in EMEA. Between 2010 and 2014 he headed the European business unit of TriVascular, a medical technology company specializing in vascular repair devices. Prior to this, he spent two years as Director of Business Development at Dow Healthcare and three years in

managerial positions at Medtronic in M&A integration, marketing and sales. He began his career in 2000 at Dow Chemical in Technical Sales & Account Management.

Qualifications: BSc in Mechanical Engineering from Brigham Young University, MBA from Harvard Business School.



As of 1 March 2021



RAHMA SAMOW

German (born 1979)

Head Dental Service Organizations

Career highlights: Rahma Samow joins Straumann from the global medical technology company Siemens Healthineers, where she was Senior Vice President, Global Head of Marketing, Sales & Communications at Digital Health Services. She began her career at that company in 2006 and rose through a series of managerial positions with increasing responsibility, including Head of Business Management Imaging IT Middle East & Africa, and Vice President, Head of Global Sales, Digital Health Services. Prior to joining Siemens

Healthineers, she worked for Parexel International, a global clinical research organization and biopharmaceutical services company.

Qualifications: Diploma in Medical Radiology, Radiation Therapy and Nuclear Medicine Technology from the Medical University of Bonn, Germany.

The CEO and, under his direction, the other EMB members are responsible for the Group's overall business and day-to-day management. The EMB is also responsible for the implementation of strategic decisions and stakeholder management. The CEO reports to the Board regularly and whenever extraordinary circumstances require. Each member of the EMB is appointed and discharged by the Board of Directors.

APPOINTMENTS AND CHANGES

Straumann has invested significantly in career and personal development programs in recent years.

2020

The following EMB appointments were made in 2020:

With effect of 1 January:

- Guillaume Daniellot took over from Marco Gadola as CEO of the Straumann Group.
- Holger Haderer, former Head of Straumann Germany, was appointed Head Marketing and Education succeeding Frank Hemm, who left the company at the end of 2019.
- Dr Andreas Meier, Chief Legal Officer and Head of Business Development & Licensing.
- Dirk Reznik, who joined the company from Vorwerk, took over from Peter Zihla as Head Digital Business Unit (on 1 January 2020, Peter Zihla took on a new role as Chief Information & Data Officer with responsibility for the new ITDM unit).
- Robert Woolley, who joined the company from Stryker in fall 2019, took over from Guillaume Daniellot as Head Sales North America.

With effect of 20 January:

- Camila Finzi joined from Alcon as Head Orthodontics Business Unit.

With effect of 1 October:

- Mark Johnson, who joined the company from Eprexia, took over as Head Research, Development & Operations from Dr Gerhard Bauer who retired at end of September.

2021

The following EMB appointments became effective on 1 January 2021:

- Robert Woolley, former Head Sales North America, was appointed Head Sales Western Europe succeeding Jens Dexheimer, who left the company at the end of 2020.
- Aurelio Sahagun joined from Microport Scientific taking over from Robert Woolley as Head Sales North America.

The following EMB appointment takes effect on 1 March 2021:

- Rahma Samow will join from Siemens Healthineers as Head DSO succeeding Petra Rumpf, who left the company at the end of 2020.

The Group announced the creation of a new EMB role of Chief Information Officer, who will be appointed in 2021.

The size of the EMB remained unchanged and comprised 14 members under the leadership of, and including, the CEO, Guillaume Daniellot.

Executive Management Board as of January 2021

CHIEF EXECUTIVE OFFICER

Guillaume Daniellot

SALES WESTERN EUROPE

Robert Woolley

SALES CENTRAL & E. EUROPE, MIDDLE EAST & AFRICA

Wolfgang Becker

SALES NORTH AMERICA

Aurelio Sahagun

SALES ASIA/PACIFIC

Patrick Loh

SALES LATIN AMERICA & CEO NEODENT

Matthias Schupp

DENTAL SERVICE ORGANIZATIONS

Rahma Samow (as of 1 March 2021)

CHIEF FINANCIAL OFFICER

Dr Peter Hackel

MARKETING & EDUCATION

Holger Haderer

OPERATIONS, RESEARCH & DEVELOPMENT

Mark Johnson

DIGITAL BUSINESS

Dirk Reznik

ORTHODONTICS

Camila Finzi

CHIEF INFORMATION OFFICER

to be announced

PEOPLE MANAGEMENT & DEVELOPMENT

Alastair Robertson

EXECUTIVE MANAGEMENT BOARD (former members in 2020)



DR GERHARD BAUER

German (born 1956)

Head Research, Development & Operations

Career highlights: Gerhard Bauer has spent more than 30 years in the pharmaceutical and medical device industry in various leadership positions. Prior to joining Straumann in 2010, Dr Bauer held managerial positions at Nextpharma, a specialist company in the biotech industry, and at Bausch&Lomb, a global leader in eye-care products. From 1992 to 2008, his career at Bausch & Lomb was distinguished by increasing responsibility, including his appointment as Head of Global Operations & Engineering and member of the Executive Management Team in 2006. From 1984 to 1992, he worked for Ciba Vision, a subsidiary of

Novartis. He began his career in production in 1983 at a subsidiary of the GlaxoSmithKline corporation.

Qualifications: PhD in Pharmaceuticals from the Institute of Pharmaceutics at the Ludwig-Maximilians-University in Munich; advanced degree in Pharmaceutical Technology from the Bavarian Chamber of Pharmacists.

Other activities: Member of the Boards of Swiss Medtech and sitem-insel AG, Switzerland.

JENS DEXHEIMER

German (born 1966)

Head Sales Europe

Career highlights: Jens Dexheimer was responsible for the Group's European region and joined the EMB in 2016 as Head of Western Europe. In previous positions, he successfully managed Straumann's business in Germany and Iberia. He moved to Straumann in 2010 from Wella/Procter & Gamble, which he joined in 1996 and where he rose through various international roles of increasing responsibility culminating in country, divisional and regional leadership. He began his career in the consumer goods industry with Benckiser in Germany.

Qualifications: Degree in Economics from the State Vocational Academy in Mannheim, Master's in Business and Politics from Mainz University; Executive Development Program at Kellogg University in Chicago.



**DR ANDREAS MEIER**

Swiss (born 1967)

Chief Legal Officer & Head Business Development

Career highlights: Andreas Meier joined Straumann in 2005 as the Group's Chief Legal and Chief Compliance Officer. He was assigned additional leadership responsibilities for Intellectual Property & Trademarks (since 2013), Business Development & Licensing as well as Corporate Communication (2018-2020). As of 2021 he will again fully concentrate on his role as Group Head of Legal, Compliance and IP Management and will continue to participate in the EMB meetings in his capacity as Chief Legal Officer. He also serves as a Secretary of the Board of Directors of Straumann Holding AG (non-member). Prior to joining Straumann, Andreas Meier worked for several years as an attorney with

the law firm Vischer in Zürich and Basel, as well as Cravath Swaine & Moore in New York.

Qualifications: Attorney at Law, PhD in Law from Basel University, LLM from NYU School of Law, Advanced Management Program at Harvard Business School.

Other activities: Trustee of the Schönes Lächeln Foundation, Switzerland.

PETRA RUMPF

German (born 1967)

Head Dental Service Organizations

Career highlights: Petra Rumpf joined Straumann in 2015 as Executive Vice President, Head Intra-dent Management & Strategic Alliances and moved into her current role in 2017. Before joining Straumann, she worked for Nobel Biocare from 2007 to 2014, where she served on the Executive Committee and was responsible for Corporate Development and M&A, global e-commerce, clinical training & education, and distributor business development. During her last three years at Nobel Biocare, she was also responsible for Alpha-Bio Tec. She managed the successful initiation of the Foundation for Oral Rehabilitation (FOR), which is globally active in science, education and humanity.

Previously, she spent 16 years at Capgemini Consulting, where she became Vice President Strategy & Transformation Consulting.

Qualifications: Bachelor's degree in Economics from Trier University, MBA from Clark University, USA.

Other activities: Member of the Board of LimaCorporate in Italy, V-Zug Holding in Switzerland and Unilabs in Switzerland.



The company and the Board of Directors would like to thank Gerhard Bauer, Jens Dexheimer and Petra Rumpf for their valuable contributions and devotion to the Straumann Group over many years and wishes them and their successors all the best for the future.

OTHER ACTIVITIES AND VESTED INTERESTS

Unless stated in their CVs, no member of the EMB:

- Performed any activities in governing or supervisory bodies of significant foreign or domestic organizations, institutions or foundations under private or public law
- Held any permanent management or consultancy function for significant domestic or foreign interest groups
- Held any official function or political post.

PERMITTED MANDATES OUTSIDE STRAUMANN (PURSUANT TO ART. 12 OAEC)

Art. 4.4 of Straumann's Articles of Association states that no member of the EMB may perform more than five mandates (i.e. mandates in the highest level governing body of a legal entity required to be registered in the Commercial Register or in a corresponding foreign register) in commercial enterprises, of which no more than two may be in listed companies. The following are exempt from these restrictions:

- Mandates in enterprises that control the Group or are controlled by the same
- Mandates in enterprises that are performed at the instruction of the Group
- Mandates in associations, organizations, and legal entities with a public or charitable purpose, and in foundations, trusts, and employee pension funds. No member of the Executive Management may perform more than three such mandates.

Mandates in several legal entities under common control or under the same economic authority are deemed as one mandate.

MANAGEMENT CONTRACTS

The Board of Directors and the EMB have not delegated any managerial powers to persons or companies outside the Group.

COMPENSATION, SHAREHOLDINGS AND LOANS

The compensation and equity holdings of the Board of Directors and the EMB and their related parties are disclosed in the Compensation Report on p. 107 ff. and in the audited financial statements in Notes 3.3 and 4 on p. 147 ff.

SHAREHOLDERS' PARTICIPATION RIGHTS

Each share duly entered in the share register entitles the shareholder to one vote. On 31 December 2020, approximately 71.5% (2019: 72.9%) of the issued capital was registered in the share register.

All shareholders may be represented at the General Meeting by a proxy. Proxies and directives issued to the independent voting representative may be given either in writing or online. Other voting representatives must have a proxy signed by hand by the shareholder. The Board of Directors decides whether proxies shall be recognized.

The independent voting representative is elected by the General Meeting for a term of office until the end of the next AGM and can be re-elected. In the case of a vacancy, the Board of Directors shall designate an independent voting representative for the next General Meeting.

QUORUMS

The General Meeting adopts its resolutions and holds its ballots by a majority of votes cast. Abstentions and invalid ballots are not taken into account. The legal provisions (in particular section 704 of the Swiss Code of Obligations) that stipulate a different majority are reserved.

CONVOCATION OF GENERAL MEETINGS, AGENDA PROPOSALS

The Shareholders' General Meeting is convened by the Board of Directors within six months of the end of the business year. The 2021 Meeting will be held on 9 April without the Shareholders being physically present.

Shareholders individually or jointly representing at least 10% of the share capital may request an extraordinary General Meeting. The request must be made to the Board of Directors in writing, stating the agenda items and motions.

Invitations to the General Meeting are issued in writing and are delivered via ordinary mail to the address recorded in the share register at least 20 days before the General Meeting and are published on the [company's website](#). If shareholders agree to the electronic delivery of notices, the invitation is also sent by email. All agenda items and proposals by the Board of Directors and by shareholders who have requested the General Meeting must be announced in the notice convening the General Meeting.

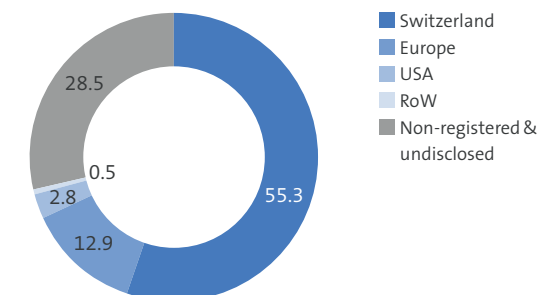
Shareholders who individually or jointly represent shares with a par value of at least CHF 15 000 may request that an item be included in the agenda. The request shall be in writing at least 45 days before the General Meeting and must set forth the agenda items and the proposals of the shareholder(s).

ENTRIES IN THE SHARE REGISTER

Share purchasers are entered in the share register as shareholders with voting rights if they expressly declare that they have acquired the registered shares in their own name and for their own account. Purchasers who are not willing to make such declarations are registered as shareholders without voting rights. Proof of acquisition of title in the shares is a prerequisite for entry in the share register. Nominees approved by the Board of Directors are recorded in the share register as shareholders with voting rights. Nominees who have not

Shareholdings on 31 December 2020

by geography in %



Shareholders by volume of shares held¹

absolute number

	31 Dec 2020	31 Dec 2019
1–100 shares	13 297	10 528
101–1 000	2 437	2 349
1 001–10 000	339	308
10 001–100 000	56	49
100 001–1 000 000	10	9
1 000 001 and more	2	3
TOTAL	16 141	13 246

1 Non-registered shareholders are not considered in this table.

been approved by the Board of Directors may be refused recognition as shareholders if they do not disclose the beneficiary. In such cases, the nominees will be recorded in the share register as shareholders without voting rights. As of 31 December 2020, no nominee had asked for registration and voting rights.

There are no statutory rules concerning deadlines for entry in the share register. However, for organizational reasons, the share register is closed several days before the General Meeting. The respective cut-off date for inscriptions is announced in the invitation to the General Meeting.

CHANGES OF CONTROL AND DEFENSE MEASURES

The Articles of Association of Straumann Holding AG do not contain provisions for opting out or opting up. There are no change-of-control clauses included in agreements and schemes benefiting

members of the Board of Directors or the Executive Management Board or other management staff.

EXTERNAL AUDITORS

The Shareholders' General Meeting elects and appoints the Group's external auditors on an annual basis. In April 2020, Ernst & Young AG, Basel, was re-elected as auditor of Straumann Holding AG for a seventh term of one year. The auditor in charge is Daniel Zaugg, Swiss Certified Public Accountant, who took over the mandate in 2014. The current cycle for Daniel Zaugg finishes at the upcoming General Meeting.

INFORMATION INSTRUMENTS PERTAINING TO THE EXTERNAL AUDIT

The Board of Directors supervises the external auditors through the Audit & Risk Committee, which met eight times in 2020. The external

auditors participated in two of these meetings to discuss the scope, the audit plan and the auditors' conclusion of the financial report. Details of the instruments that assist the Board in obtaining information on the activities of the external auditors are on p. 92.

The worldwide fees paid to the auditors are outlined in the table on the right.

Worldwide fees in CHF 1000

	31 Dec 2020	31 Dec 2019
Total audit fees	1 122	1 105
Tax consultancy	308	513
Transaction services	0	106
Other services	41	15
Total non-audit fees	349	634
TOTAL	1 471	1 739

INFORMATION POLICY

Straumann is committed to a policy of open, transparent and continuous information. In accordance with the rules of the SIX Swiss Exchange, the Group publishes detailed sales figures on a quarterly basis as well as annual and half-yearly reports. Detailed information is provided at the AGM, and the minutes are published on the [company's website](#). Where necessary or appropriate, the Group also publishes additional information on significant events. The CEO, CFO, the Heads of Investor Relations and Corporate Communication are responsible for communication with investors and representatives of the financial community, media and other external stakeholders.

In addition to personal contacts, discussions, and presentations online, the Group held four quarterly financial results online conferences for the media and analysts in 2020. On average, each event was attended by approximately 150 participants by webcast or by conference call. In addition, Straumann's CEO, CFO and Head of Investor Relations attended thirteen equity conferences online as well as eighteen days in virtual roadshow events to meet with investors. Beside the before-mentioned events, top management was in very close contact via video or audio calls with its investors during the peak of the first pandemic wave to keep them up to date on the development.

As in the prior year, the company organized investor meetings focusing on corporate governance topics with the Chairman and the Head of Human Resources & Compensation Committee.

Research analysts from 18 banks/brokers cover developments at the Straumann Group and are listed [online](#).

Apart from this, the Group frequently publishes media releases, briefing documents and other materials, which are archived and available [online](#). The company offers a media release subscription service via its [website](#) and takes care to ensure that investor-relevant releases are circulated broadly and in a timely manner according to the rules of the SIX Swiss Exchange and with due regard for the principles of fair disclosure. The company does not update its releases, reports and presentations, which means that the information they contain is only valid at the time of publication. The Group advises against relying on past publications for current information.

ANNUAL REPORT & COMPENSATION REPORT

The Group's Annual Report is an important instrument for communicating with various stakeholder groups. It is published electronically in English on the company's website. In addition, printed summaries in English and German are available and are sent to registered shareholders. The Compensation Report is issued as part of the Annual Report and can be [downloaded here](#) in English as well as in German.

MEDIA USED FOR REPORTING PURPOSES

The company's website is www.straumann-group.com. The company's journal of record is the Swiss Official Gazette of Commerce SOGC (Schweizerisches Handelsamtsblatt SHAB).

Subscriptions to the e-mail distribution service (according to Art. 8 of the Directive Ad hoc Publicity, DAH) can be made [here](#). Information according to Art. 9 DAH can be found [online](#).

Further information requests should be addressed to:

CORPORATE COMMUNICATIONS:

corporate.communication@straumann.com
Tel. +41 61 965 11 11
Peter Merian-Weg 12
CH-4002 Basel

INVESTOR RELATIONS:

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Tel. +41 61 965 16 78
Peter Merian-Weg 12
CH-4002 Basel

CALENDAR

Straumann's calendar of planned reporting dates is updated on the [company's website](#).

COMPENSATION REPORT

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Compensation Committee 108

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and regulation 110

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on the remuneration report 122

This report provides a comprehensive overview of the Straumann Group's compensation principles, practices and delivery framework. It also provides information on the compensation of the general staff, management, Executive Management Board (EMB) and Board of Directors (BoD). It conforms to Swiss law, the Swiss Code of Best Practice for Corporate Governance as well as the SIX Directive on Information relating to Corporate Governance.



TOGETHER
STRONG

LETTER FROM THE CHAIRMAN OF THE HUMAN RESOURCES & COMPENSATION COMMITTEE (HRCC)

DEAR SHAREHOLDER,

As Chair of the Human Resources and Compensation Committee, I am pleased to present the Compensation Report 2020.

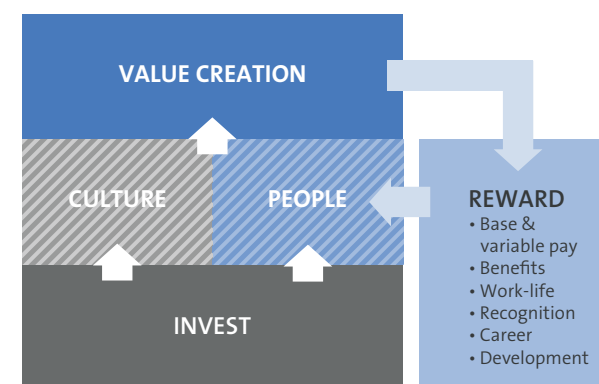
2020 began with continued strong growth, a reflection of our comprehensive succession planning that provided a seamless transition to the new CEO and leadership team. Thanks to their outstanding leadership the company has weathered the COVID crisis, adapted quickly ahead of its peers and is poised to continue to rebound strongly.

The Group responded quickly to the rapid spread of the pandemic by ensuring personnel safety and business continuity. With the world shutting down and business dropping an estimated 70% at the time, we quickly had to align costs with the lower revenues. We reduced working hours, non-critical benefits and salaries where possible, including voluntary pay cuts by leadership. Capital investment plans were placed on hold and liquidity was secured to ensure operational continuity. As personnel makes up more than 50% of our costs, we were unable to avoid resizing completely and had to reduce our global workforce by approximately 660 jobs (roughly 9% of the global workforce). A key objective was to conduct this in a responsible, timely and fair manner, without compromising the company's ability to rebound rapidly.

Throughout this period the Board of Directors (BoD) and its Committees worked closely with the Executive Management Board (EMB), increasing the frequency of meetings to develop scenarios and to address the impacts of the aforementioned measures on our people, their compensation, and to provide support through challenging decisions. The HRCC held two COVID-19 emergency meetings as the crisis was unfolding, focused on the health of our employees, short-time working, and other measures to maintain continuity.

To support and lead through the uncertainty surrounding the COVID-19 situation, in April leadership agreed to the following voluntary reductions of their rewards packages:

- BoD: 40% of their annual equity allocation
- EMB: 25% of their fixed compensation for the 2nd quarter and a deferral of their 2019 bonus payment until July 2020
- other senior management members voluntarily reduced their compensation by 20% for the 2nd quarter.
- removal or reduction of non-critical benefits in many of our organizational units for various periods during the year, most of which have been reinstalled by year end.



In the Group's reward philosophy, people are rewarded for value creation. The total reward includes quantitative (base & variable pay and benefits) and qualitative (work-life and career development) elements.

After the very sharp sales decline in Q2, we were proud to see how quickly management and the staff were able to return the Group back to a growth track in Q3 and Q4. Although the turnaround was not enough to make up fully for the lost revenues earlier in the year, the company outperformed the market, gained customers, launched innovations, took entrepreneurial steps into new areas and created opportunities. This outstanding performance is thanks to dedicated people who deserve recognition, appreciation and reward. In this extraordinary year, typical performance measures can not directly reflect these incredible efforts only through financial indicators. As a result, the BoD will propose to the shareholders at the 2021 AGM, that an 80% discretionary award be made for the Executive Management Board (EMB) for the 2020 performance year Short Term Incentive (STI). Moreover, globally, all eligible personnel will receive a discretionary bonus at 80% of their STI target in recognition of their exemplary behavior, commitment and leadership in persevering through the crisis and beyond.

Company culture, opportunities, job enrichment, security and competitive compensation are quintessential, which is why we constantly review, challenge, benchmark and improve our rewards system. In order to remain competitive with the market and to further sustain the growth path that our company has been paving over the past years, to retain talent and to recognize long-term performance and continuity in addition to aligning management's rewards with our shareholders' experiences, we awarded the long-term incentive grants for 2020 in full.

LOOKING AHEAD

The key to bouncing forward and sustaining our success is to ensure that our leadership is strategically focused and has the capabilities, resources and incentives to drive and manage growth, which is why we are expanding the company targets in the short-term incentive plan to extend the focus of a select group to deliver growth in areas such as orthodontics, value brands and our digital markets. In addition, we are continuing to capitalize on our internal expertise by connecting talent with opportunities and deploying people to areas that are poised for growth.

Given the continuing uncertainty related to the pandemic, we do not anticipate major changes to the framework or principles for compensation during 2021.

On your behalf, I would like to thank every member of our global team for their commitment and achievements. I would also like to express my gratitude to the EMB for its constructive approach to the dialogue amid unprecedented circumstances in 2020, as well as the Board of Directors and you, as shareholders, for your continued confidence and trust in the HRCC.



Beat Lüthi
Chairman of the Human Resources &
Compensation Committee

We are expanding the company targets in the short-term incentive plan to extend the focus of a select group to deliver growth.

COMPENSATION GOVERNANCE AND REGULATION

HUMAN RESOURCES & COMPENSATION COMMITTEE (HRCC)

The Board of Directors nominates the members of the HRCC for election by the Annual General Meeting (AGM). The Committee is entrusted with the design of the compensation and benefits for the Board of Directors and the Executive Management Board (EMB), in addition to the review of the total rewards framework for all employees. The Committee reports its views on the rewards and compensation of the EMB to the Board of Directors at least once a year and proposes changes when necessary.

Further information on the duties of the HRCC can be found on p. 91 of the Corporate Governance section.

The HRCC met seven times in 2020 and all its members were present. Constantly seeking a

broader view, the Committee includes non-monetary components in its review. For instance, diversity inclusion and belonging initiatives, the cultural journey and leadership programs, as well as other activities that contribute to people development, talent management and other factors that lead to job enrichment, are reviewed and discussed regularly. This provides a holistic basis for the Committee's directional input related to people topics. Two extraordinary additional meetings were held, one in May and the other one in June to address the pandemic, to approve and make recommendations on the courses of action decided by the EMB.

The Chairman of the Board of Directors and the CEO participated in all the meetings as guests except during discussions concerning the evaluation and determination of their own compensation.

Compensation

Recommendations & decisions

Recipient	Compensation recommended by	Compensation decided by
Chairman of the Board	Human Resources & Compensation Committee/Board of Directors	AGM
Board Members		
CEO	Chairman of the Board/HRCC/Board of Directors	
Executive Management	CEO/HRCC/Board of Directors	
Senior Management	EMB	CEO
Management and staff	Line Management	EMB

REGULATIONS

The Group's compensation schemes for its executives and directors as well as its Articles of Association (AoA) fully reflect the Swiss Ordinance against Excessive Compensation (OaEC). The AoA do not allow for loans, advances or credits to any current or former members of the EMB, the Board of Directors, or related parties. In addition, notice periods for the EMB are restricted to a maximum of 12 months. The compensation schemes and AoA are available to the public [here](#).

AGREEMENTS WITH THE BOARD OF DIRECTORS AND THE EXECUTIVE MANAGEMENT BOARD

Agreements are concluded with members of the Board of Directors regarding the compensation for

their mandate (members are elected for a term of one year) and with members of the EMB regarding their employment. Non-compete clauses are permissible, and compensation may be paid as indemnity where it is determined necessary. In such cases, the compensation must not exceed the last annual total compensation paid to the individual and may not be paid for more than one year, as referenced in the AoA.

TERMINATION PROVISIONS

Variable compensation components are subject to forfeiture clauses that allow for partial or total forfeiture if the individual leaves the Group before the vesting date, subject to the Board of Directors' assessment of the reasons for departure.

Further, the agreements with the members of the Board of Directors as well as the EMB do not contain any severance provisions from which a benefit could be obtained in the event of a change of control. The AoA do not contain provisions for opting out or opting up. Upon a change of control event, unvested equity-based long-term variable compensation awards vest with the number of the awards being adjusted on a pro-rata basis and the value per award being determined by the Board of Directors. These procedures apply to all recipients of long-term variable compensation awards irrespective of whether they belong to the EMB or not.

COMPENSATION PRINCIPLES

The compensation principles outlined below are valid for everyone working for wholly owned Straumann Group companies.

ETHICAL, FAIR STANDARDS

The Group seeks to be in full compliance with international labor standards and is committed to treating all its employees fairly and equally. Compensation and access to rewards programs are prohibited from being discriminatory under local regulations. Local minimum wage regulations have no bearing on the remuneration policy, as the compensation clearly surpasses them. The Group's commitment to these standards is reflected in its use of benchmark data for periodic reviews to ensure compliance and, most importantly, internal fairness.

VALUE CREATION DRIVES TOTAL REWARDS

The Group's view is that success depends largely on value creation by its employees, which should be recognized and rewarded. A modern compensation system and access to competitive rewards are an important instrument for attracting, retaining, motivating and developing talented people. Therefore, we provide competitive compensation and benefit packages by conducting regular benchmarking to ensure internal and external fairness, incentivize sustainable growth and provide access to benefits that recognize diverse lifestyles and interests.

COMPREHENSIVE BENCHMARKING

We seek to attract and retain top talent from various industries. Our benchmarking uses a

size-adjusted approach and considers growth and future aspirations, business complexity, global footprint and market positioning, while respecting the median movement and compensation relative to it.

Benchmark reviews for all Group employees including the EMB are supported by an external specialist (Mercer) and include data from a large number of companies in relevant local markets. Our policy is to provide fixed cash compensation that is competitive with comparable companies. In addition, we set our variable compensation elements to enable total compensation to move towards the upper quartile for outstanding performance.

For the EMB, the benchmark group includes, but is not limited to companies who are included in the SMIM index, which comprises the 30 largest mid-cap companies in Switzerland. This approach to benchmarking is rounded out by using the size-adjusted approach, which enables the inclusion of other company data to ensure compensation is competitive.

PRINCIPLES OF COMPENSATION FOR THE BOARD OF DIRECTORS

The compensation of the Board of Directors is subject to the approval of the AGM and consists of fixed compensation components paid in cash and shares in accordance with the AoA. The Board of Directors establishes the compensation payable to its members based on the recommendations of the HRCC and within the limits approved by the AGM. The principles remain unchanged in 2020 except for the one-time reduction of 40% on the fixed share grant for each member, due to COVID-19.

To demonstrate commitment to the value creation of the Group, each member of the Board of Directors is required to hold shares in the value of at least two years' total annual compensation. New Board Members are expected to build up the required shareholding within two years.

All Board Members are active mentors to the EMB and have regular one-to-one exchanges with their assigned mentees. Irrespective of role, all Board Members are entitled to reimbursement from the company for their reasonable expenses for travel to and from Board meetings, travel on behalf of the Board, and other related incidental expenses, in accordance with the expense regulations for Members of the Board of Directors of Straumann Holding AG.

PRINCIPLES OF COMPENSATION FOR THE EXECUTIVE MANAGEMENT BOARD

The principles for the compensation of the EMB specify both a fixed cash component, which includes base salary and other fixed compensation items, and a variable component in accordance with the AoA, which includes a short-term and a long-term component, and access to benefits/programs that make up their total rewards.

The rewards and incentives for each EMB member are determined according to his or her role and responsibilities as well as future expectations and are based on external benchmarks that are reviewed as described in the section entitled "Comprehensive benchmarking". The collective financial rewards of the EMB, including the CEO, are subject to approval by the shareholders at the AGM.

If there are changes in the EMB subsequent to the AGM, the compensation of a new CEO or any other incoming member of the EMB will be determined in accordance with the AoA, which includes stipulations regarding total compensation to be offered, and any supplementary compensation to offset losses of rights associated with giving up prior activities.

To demonstrate their commitment to the Group's value creation, EMB members are required to hold Straumann Group equity in a value corresponding at least to the aggregate of their individual annual base salary and short-term incentive at target. The requirement for the CEO is at least the aggregate of his annual base salary, short-term incentive at target and LTI grant value. Incoming EMB members are expected to build up the required equity within five years.

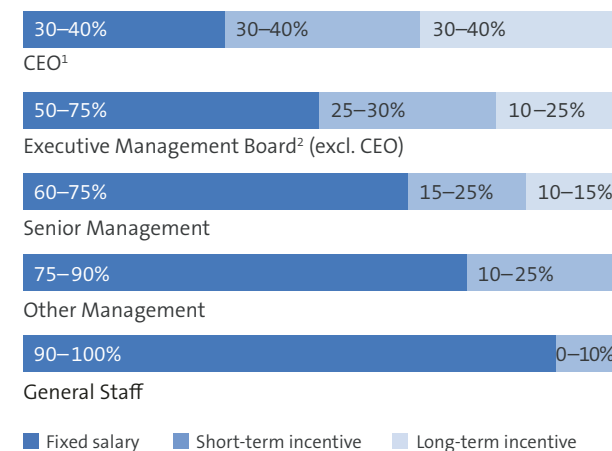
Board of Directors compensation framework

in CHF 1 000

Recipient	Board Membership	Equity Allocation	Equity COVID-19 reduction
	Cash		
Chairman	400	300	(120)
Board Committee Chair	150	100	(40)
Other Board of Directors members	100	100	(40)

Board members are required to hold two years' annual compensation in shares.

Pay mix corridor (at-target achievement)



- At target, the variable compensation will amount to 171% of base salary for 2020.
- At target, the variable compensation (incl. STI and LTI) for the EMB members will in average amount to 90% of base salary.

GROUP COMPENSATION FRAMEWORK

The compensation framework for the Group remained the same in 2020 as in 2019 although various benefits and programs throughout the Group were either postponed or cancelled due to COVID-19 and have either been retroactively installed or will be in 2021.

Compensation framework

Element	Type	Delivery	Description
Fixed components	Base salary	Cash	<ul style="list-style-type: none"> For all employees (including EMB) a fixed compensation, determined by scope and complexity of the role Generally within 80–120% of relevant market median
Variable components	Short-term incentive	Cash	For Senior Management and a broad group of employees, paid annually: <ul style="list-style-type: none"> Maximum payout potential: 165%, 180% or 190%, depending on hierarchy level. Performance measured against business results and financial targets. For Executive Management Board <ul style="list-style-type: none"> Maximum payout potential 190% Performance measured against business results and financial targets
	Long-term incentive	Performance Share Units (PSUs)	For the EMB and a defined Senior Management group: <ul style="list-style-type: none"> 2 Independent performance criteria: absolute TSR, relative TSR (SMIM) PSUs to shares performance conversion factor: 0 to maximum of 1 share per PSU, per performance condition (maximum overall 2 shares per PSU for both conditions combined) 3-year vesting period
Benefits	Pension plans		In line with local statutory guidelines <ul style="list-style-type: none"> Pension plans are de-risked in line with Group guidelines
	Other benefits		In line with local market practices <ul style="list-style-type: none"> Benefits are positioned towards relevant market medians
	Employee share participation plan (ESPP)	Blocked shares	<ul style="list-style-type: none"> For management and staff in Switzerland: purchase of Straumann shares up to a maximum of 35% of their annual base salary at a discount of 35% For senior management, the purchase cap is 25% of annual base salary with a discount of 25% The shares are blocked for two years

Employee share participation plan

	Employees participating	Shares issued	Discount share price at issue	End of blocking period
2020	Program cancelled	0	NA	NA
2019	214	8 951	CHF 628 ¹ CHF 457 ²	April 2021
2018	215	12 566	CHF 396 ¹	April 2020

1 25% discount

2 35% discount

FIXED COMPONENTS

Fixed compensation includes base salary and may include additional cash elements depending on local practice and regulation, and are set through the previously described benchmarking practice.

VARIABLE COMPONENTS

In 2020, the variable compensation components included either or both of the following:

- Short-term incentive based on the business year performance
- Long-term incentive based on achievement of specific criteria over a 3-year period.

In each case the payout can range from zero to a clearly defined cap depending on the extent to which the respective targets are achieved.

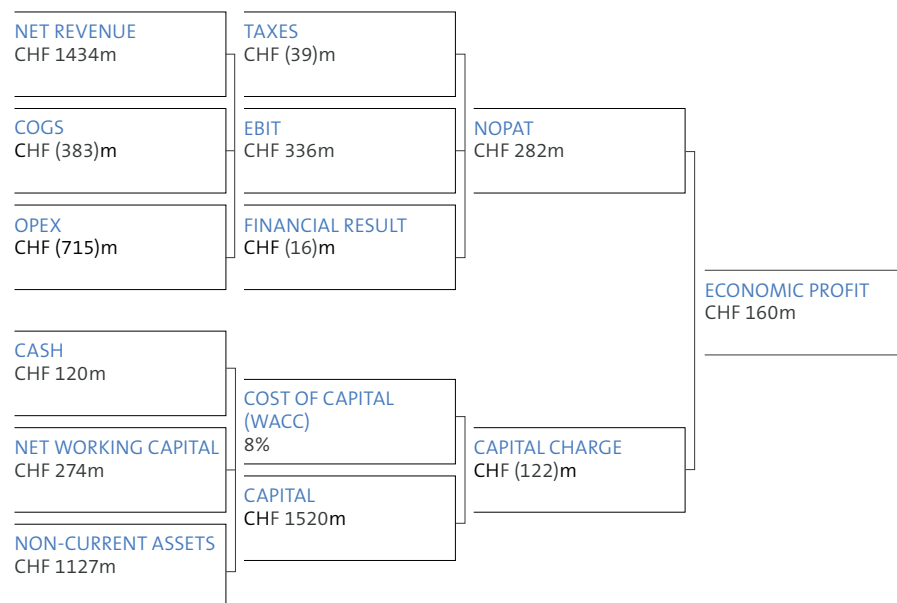
SHORT-TERM INCENTIVE (STI)

Our STI scheme focuses on rewarding individuals based on company and team performance and incentivizes growth and value-creation. The payout is capped at 165%, 180% or 190% of the target, depending on the participant's managerial level (see table on the lower right).

COMPANY PERFORMANCE

Economic profit (EP) is the key performance indicator of company performance, which applies to all STI participants. The Board of Directors sets the absolute target for EP generation in Swiss francs annually prior to the respective performance cycle. The target is based on medium-term business plans as well as the defined budget for the performance year. The potential payout ranges from 0 to 190% of the target STI amount.

EP is calculated by deducting a capital charge from the net operating profit after tax (NOPAT). The Board of Directors may exclude extraordinary

Company performance – 2020 economic profit (EP)

NOPAT = Net operating profit after taxes; COGS = Cost of goods sold; OPEX = Operating expenses; EBIT = Earnings before interest and taxes.

STI performance criteria weighting 2020

Management level	Company performance ¹	Organizational unit performance ¹
Chief Executive Officer	100%	
Executive Management Board	40–100%	0–60%
Senior Management	40–100%	0–60%
Management	20–100%	0–80%
Staff	20–100%	0–80%

¹ Ranges from 165% to 190% for maximum payout.

elements from the calculation. The capital charge represents the cost of capital calculated based on an average equity return expected by investors.

ORGANIZATIONAL UNIT PERFORMANCE

Specific financial targets are applicable in addition to EP for participants in commercial and production organizational units. These targets are derived from annual budgets and are set by the CEO and CFO together with the member of the EMB responsible for the respective organizational unit. In 2020, for example, improvements to contribution margin and to strategic key sales initiatives were set as specific financial targets for the Sales Regions while improvement to cost of goods sold was defined as a specific financial target for Production organizations.

WEIGHTING OF COMPANY AND FINANCIAL TARGETS

The weighting of the performance targets depends on the managerial level and organizational unit of the respective participant (see table on p. 114).

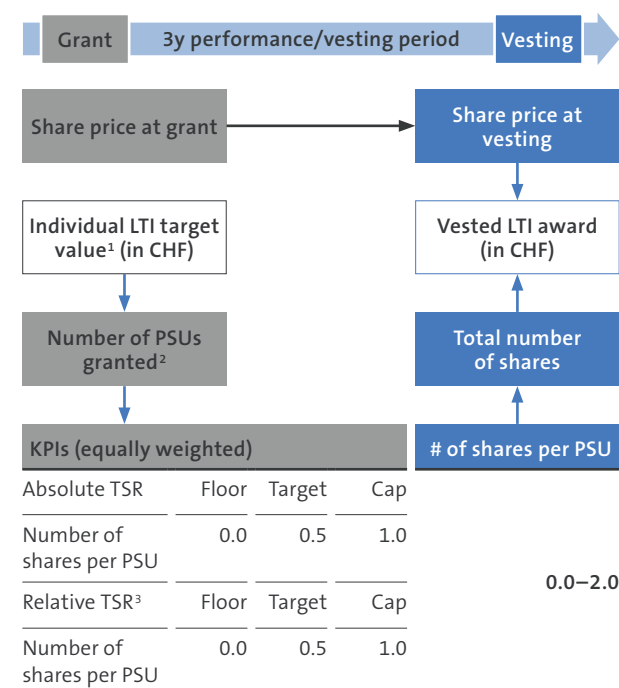
LONG-TERM INCENTIVE (LTI)

The LTI program is designed for the EMB, Senior Management and other key employees depending on role, responsibility, location, strategic impact, and market practice. Participation is determined by the Board of Directors. The plan was introduced in 2012 and is designed to offer an attractive variable compensation element that aligns participants' interests with those of the shareholders. The plan uses Performance Share Units (PSU), which are granted to eligible personnel with specific performance conditions that result in a potential vesting into Straumann shares after 3 years.

PSU GRANT 2020

PSUs are granted once a year after the AGM and no cash investment is required from the participants. The number of PSUs granted is equal to the participant's LTI contractual grant value divided by the reference value of one PSU at the grant date. The LTI grant value is a percentage of the total target compensation and is determined in accordance with the participant's role in the organization. In 2020, 12 198 PSUs were granted.

Straumann 2020–2023 LTI program



- Grant value is defined as a percentage of the total target compensation taking into account participant's role in the organization.
- Results from division of the individual LTI grant value by the reference value of one PSU.
- Replaces the former EGA performance condition.

PSU VALUE AT GRANT 2020

The value of the PSUs granted is determined based on the notion that it should accurately reflect the inherent risk of the underlying instrument. Under this assumption, for the 2020 grant and the foreseeable future, the Group estimates the PSU reference value to be at 25% below the share price at the time of grant, based on historical values where the fair value calculated by external professionals resulted in a range of 20–30% below market prices.

The LTI design includes the possibility for the PSU value at vesting to be higher or lower than the value at grant (or even zero). It is important to consider this potential for fluctuation when linking grant values to total target compensation, in order to manage expected compensation with share volatility in the individual's earning potential.

CONVERSION OF PSU INTO SHARES (VESTING IN 2023)

The 2020 PSU grant will vest at the end of the performance period and will be converted into shares. The number of shares allocated per PSU depends on the achievement of two performance conditions, both directly reflecting the shareholder experience and considered essential for sustaining shareholder value creation:

- Absolute TSR aims to link the LTI value at vesting directly with the absolute value created by the company for its shareholders.
- Relative TSR shows the Group's share performance in the context of the market and in comparison with peer companies (SMIM index).

The two performance conditions are weighted equally and vest independently of each other. For each performance condition, the maximum conversion factor is 1 share per PSU.

Outstanding PSU Grants

	2020	2019	2018
Grant date	30.04.2020	30.04.2019	30.04.2018
Vesting date ¹	20.04.2023	20.04.2022	27.04.2021
Share price at grant	CHF 753.51	CHF 837.60	CHF 625.50
PSU reference value ²	CHF 565.13	CHF 628.00	CHF 460.68
Granted PSUs	12 198	11 062	12 334

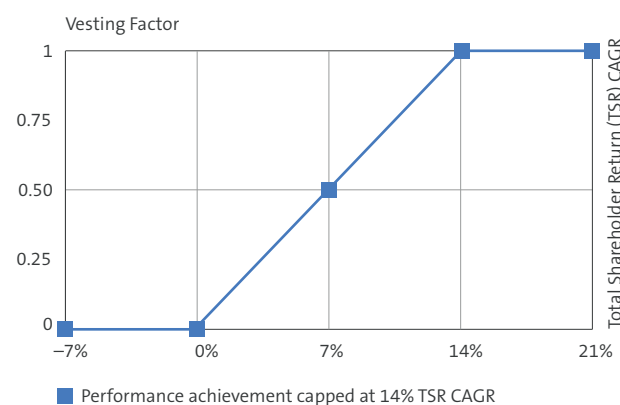
1 Seven trading days after the ex-dividend date.

2 Prior to 2019, the grant reference value was determined by using the fair value calculation under the Monte Carlo method. As of 2019, the reference value is determined by the closing share price average of 7 days ex-dividend less 25% discount.

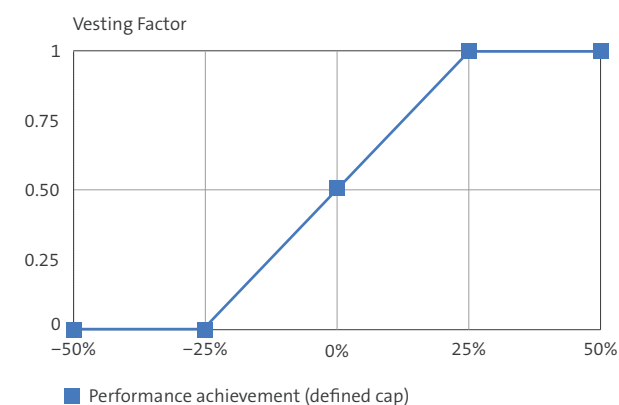
Outstanding PSU as of 31 December 2020

	2020	2019	2018	2017
As of 1 January	34 771	40 833	36 448	45 606
Granted PSUs	12 198	11 062	12 334	16 785
Vested PSUs	(14 297)	(14 024)	(5 538)	(24 614)
Forfeited PSUs	(2 818)	(3 100)	(2 411)	(1 329)
As of 31 December	29 854	34 771	40 833	36 448

Absolute TSR – CAGR over 3 years



3-Year Relative TSR vs SMIM in percentage points



TOTAL SHAREHOLDER RETURN (TSR)

TSR is the profit (or loss) realized by an investment at the end of a year or specific period. It includes capital gains or losses from changes in the share price as well as gross dividends. Capital gain is calculated using the average of the closing share prices over the period of seven trading days starting on the ex-dividend date in the year of grant and in the year of vesting.

When determining the vesting curves, the Board considers ambitious yet realizable target performance levels to establish a statistically reasonable chance for target achievement. Symmetric vesting curves are chosen to warrant an overall more robust LTI program, whereby any decreases or improvements in performance are proportionately reflected in the number of vested PSUs. The Group believes that the overall approach to target setting adds to the competitiveness of its reward system for its executive and senior managers and limits the possibility of excessive risk taking.

ABSOLUTE TOTAL SHAREHOLDER RETURN

Regarding the absolute TSR component, the conversion rate of PSUs into shares ranges from 0 to 100%. If the TSR CAGR is 0% or below, the conversion rate is zero. If the CAGR is 7%, each PSU converts into half a share, while a CAGR of 14% or more results in a conversion of one share per PSU.

RELATIVE TOTAL SHAREHOLDER RETURN

In the case of relative TSR, the conversion rate is also linear and ranges from 0% to 100%. No shares are allocated if the Group underperforms the SMIM by 25%-points or more. Each PSU converts into one share if the Group outperforms the SMIM by 25%-points or more. Performance in line with the SMIM results in each PSU converting into half a share as shown in the vesting curves in the chart on

p. 116. Relative TSR is calculated by taking the percentage points difference between the TSR of Straumann and that of the SMIM (Swiss Market Index Mid) index.

LTI GRANTS PRIOR TO 2019

From 2016 to 2018 (vesting in 2019 to 2021), the LTI was determined by Total Shareholder Return (TSR) and EBIT Growth Amount (EGA) measured over a 3-year performance cycle and equally weighted. The vesting conditions for those grants remain unchanged. The final grant under these vesting conditions was made in 2018, and the final vesting will be in April 2021.

**BENEFITS
PENSION PLANS**

Internal analysis carried out in recent years showed that Straumann and its subsidiaries fulfil and, in some respects, exceed local legal requirements. In most cases, pension obligations are fully funded. Where this is not the case, liabilities are reported in the Annual Report following actuarial rules. Further information on pension plans is provided in Note 8.2 to the audited consolidated financial statements on p. 164 f. Information on pension fund risks is also provided on p. 53 of the Risk Analysis.

OTHER BENEFITS

Straumann's benefit programs are designed to enable the Group to compete for and retain employees. Benefits are structured to support our overall business strategy and are aligned with local practices and legislation. Examples of benefits include the Employee Share Participation Plan (ESPP), public transport passes, lunch vouchers, the use of company cars, mobile phones, and discounts on Straumann products.

Due to the impact of the COVID-19 pandemic, the ESPP was suspended for 2020, and other benefits were partly suspended during the year (between March and July 2020). In 2021, the Group will review all benefit plans globally to ensure competitiveness and fairness across all organizational units and entities.

Moreover, according to article 4.3 of the Group's [Articles of Association](#), new members joining the EMB may be eligible to receive compensation for losses incurred because of the change of position. Such lost compensation is replaced on a 'like-for-like' basis (i.e. no increase to the replacement value) and are reported under 'other compensation and benefits' in the compensation table for the financial year in question.

2020 COMPENSATION

In 2020, the Group continued its practice of an annual compensation review for all Straumann Group employees but refrained from making adjustments because of the overall uncertainty of the COVID-19 pandemic. Following the Swiss regulations on equal pay, the Group has undertaken this practice not only in Switzerland, but in all countries where it operates, to ensure that it adheres to all compensation laws and regulations and its culture of pay for performance without discrimination or bias.

COMPENSATION FOR THE BOARD OF DIRECTORS

The 2020 AGM approved a maximum total compensation for the Board of Directors of CHF 2.7 million for the term of office ending at the 2021 AGM. It consists of a fixed fee, paid in cash and shares, and includes social security. The Board of Directors was expanded at the AGM in 2020 to include one additional member, and the average budgeted compensation remained the same as in 2019. The COVID-19 equity grant reduction results in a reduction of 15.3% of paid compensation vs budgeted compensation.

In 2020, none of the Board members received any compensation from the Straumann Group other than that disclosed in this report. No compensation was paid to related parties of members of the Board of Directors and no payments were made to former members of the Board of Directors or related parties.

The Chairman of the Board of Directors, who was previously a member of the EMB and served as CEO, continues to participate in the Straumann

pension plan, which is a fully funded defined contribution plan. Such coverage is necessary as he does not occupy any other executive function and therefore would otherwise not be covered by any occupational pension scheme.

Furthermore, starting from 2020, members of the Board of Directors are provided an opportunity to participate in a Board version of the Straumann Pension plan. The Board pension plan mirrors all conditions of the Straumann plan with the exception that all contributions, including the employer

Board of Directors compensation (audited table)
in CHF 1 000

	2020 2019	Fixed cash compensation	Fixed share compensation	Social security	Other benefits	Pension	TOTAL
Gilbert Achermann (Chairman of the Board)		400 400	180 300	47 50	31 32	127 ¹ 106	785 888
Thomas Straumann		125 200	60 100	14 20			199 320
Monique Bourquin		100 100	60 101	9 13			172 214
Sebastian Burckhardt		100 100	60 101	9 13			169 214
Juan Jose Gonzalez		100 74	60 101	9 5			169 180
Ulrich Looser (Member until April 2020)		38 150	0 101	3 17			41 268
Beat Lüthi (Vice Chairman, Chairman of the HRCC)		150 150	60 101	15 17			225 268
Regula Wallimann (Chairwoman of the Audit & Risk Committee)		150 138	60 101	15 16			225 255
Marco Gadola (joined BoD April 2020, Chairman of the Technology & Innovation Committee)		113 0	60 0	13 0			186 0
TOTAL		1276 1312	600 1006	137 151	31 32	127 106	2 171 2 607

1 Increased employer contribution due to pension fund contribution rate regulations.

portion, are to be funded by the respective members of the Board of Directors themselves without incurring any additional costs to the company. Consequently, the actual fixed cash compensation payments to the respective members of the Board of Directors are reduced by the amount remitted by the Company into the pension scheme.

SHAREHOLDINGS OF THE BOARD OF DIRECTORS

The numbers of shares in Straumann Holding AG held by the members of the Board of Directors in office at the end of 2020 are shown in the table on p. 179 f.

COMPENSATION OF THE EXECUTIVE MANAGEMENT BOARD

At the 2020 AGM, the shareholders prospectively approved a fixed compensation of CHF 9.2 million for the collective EMB (as composed in April 2020) for the period between 1 April 2020 and 31 March 2021. The shareholders also approved a maximum budget of CHF 3.2 million for the collective long-term variable compensation of the EMB for the 2020 business year. The variable STI for the business year ending 31 December 2020 will be submitted for approval by the shareholders at the AGM in 2021.

EMB AVERAGE FIXED COMPENSATION 2020

In 2020, one member of the EMB received an adjustment to their fixed compensation, which resulted in an overall increase of less than 1% in

the total fixed EMB compensation compared to the previous business year. Furthermore, the extension of the EMB announced and implemented in 2020 (from 12 to 14 members) resulted in an increase of the total compensation of the EMB of 1.4% (not including the voluntary COVID-19 reduction of 25% base salary in the 2nd quarter).

VARIABLE COMPONENTS

The Board of Directors sets short and long-term (for the respective three-year performance period) targets for the CEO and EMB annually.

In the 2020 business year, the Group had to shift its focus on ensuring employee safety and business continuity, as well as mitigating financial impacts through the pandemic. As various regions and

Executive Management Board compensation (audited table)
in CHF 1 000

14 members 2020 12 members 2019	Annual base salary	Short-term incentive	Performance Share Units (grant value)	ESPP discount	Social security and pension ²	Other compensation & benefits ³	TOTAL
Guillaume Daniellot (CEO)	656	480	600	0	214	71	2 022
Marco Gadola (CEO)	865	1 615	870	22	413	33	3 818
Other members ¹	5 091 4 329	2 164 3 982	2 110 2 121	0 87	1 768 1 567	2 727 569	13 988 12 655
TOTAL	5 747 5 194	2 644 5 597	2 710 2 991	0 109	1 982 1 980	2 798 602	15 881 16 473

- 1 Including compensation for members joining and leaving during the year.
- 2 Beginning in 2019, the amounts include estimated social security contributions related to PSU grants to align the timing of social security reporting with the compensation element that creates it.
- 3 Other compensation includes automobile lease for EMB members on Swiss contracts in addition to local benefits for EMB members in LATAM, APAC and the USA. Also included is replacement awards for 3 new members who joined during the year and relocation costs to move them to their respective locations of employment.

countries were hit throughout the year, the ability of the Group to achieve originally set financial targets was limited. During the turnaround situation the discretionary goals were established through forecasting and anticipating our ability to serve our customers. The ensuing performance and achievement of the latter resulted in the decision to pay a fully discretionary bonus payment of 80% of the target for the EMB and all other eligible employees (out of a maximum potential of 190% of their STI target for the EMB, and 165–190% for all other eligible employees).

Furthermore, the Group clearly exceeded the three-year LTI targets for Total Shareholder Return and EGA, resulting in a maximum conversion factor of 2 shares per PSU granted in 2017, which vested in April 2020. The total value of the vested LTI of the EMB in 2020 corresponded to 0.06% of the Group's market capitalization at the end of 2020.

CHANGES IN THE EMB

As stated in the 2019 Compensation Report, two new EMB positions were created at the beginning of 2020 increasing the EMB to 14 members including the CEO (see p. 100 for details). In addition, Mark Johnson replaced Gerhard Bauer as the head of Research Development & Operations (RDO) and Dirk Reznik replaced Peter Zihla and Camila Finzi joined the Group. Mr. Bauer assisted with the transition through the end of 2020 to ensure continuity with key projects through the COVID-19 impact on the operational aspects of the organization through the end of 2020.

As explained on page 132 of the Compensation Report 2019, to conclude the CEO transition, the Group entered into an agreement with Marco Gadola to ensure continuity in certain projects. The agreement covers the period from 1 January to 30 June 2020 with a salary of CHF 797 500 for Mr Gadola's services as a non-executive member of

the Group's management and a compensation of CHF 880 000 for compliance with the Group's post-contractual non-compete covenants for the period 1 July 2020 to 30 June 2021.

In 2020, replacement awards were granted to three EMB members who joined the company to compensate them for lost equity when they resigned from their former employers. The amount spent was within the permissible supplementary amount under Article 4.3 of the [AoA](#).

SHAREHOLDINGS OF THE EMB

The numbers of shares in Straumann Holding AG held by the members of the EMB in office at the end of 2020 are shown in the table on p. 179.

REALIZED COMPENSATION OF THE CEO

The table below shows the compensation realized by Guillaume Daniellot, Group CEO (in the role since 1 January 2020) during 2020.

Realized Compensation of the CEO

STI-related	LTI-related ¹	Quantitative measures and their contribution to variable compensation		Realised performance	Realized vs Target Performance	Target/granted compensation	Realized compensation
✓		Economic Profit 2020	50%	BoD discretion	80%	CHF 600 000 (86% of annual base salary)	CHF 480 000
	✓	EBIT Growth (EGA) 2017 to 2019	25%	Max. achievement	1 share per PSU	CHF 120 000 (30% of annual base salary) ²	CHF 577 000
	✓	Total Shareholder Return (TSR) Apr 2017 to Apr 2020	25%	Max. achievement	1 share per PSU		(value achieved through 3 factors, PSU vesting factor equals 2, 25% grant discount and 16% annual share price increase)

¹ 2017 grant which vested in 2020.

² Grant before Guillaume Daniellot was appointed CEO reflects % of base salary at the time of grant.

APPROVAL OF COMPENSATION

The Board of Directors determines the compensation of the individual members of the Board and the EMB based on the recommendations of the HRCC and within the limits set by the AGM. The relevant criteria are explained on p. 111 ff., and the compensation awarded to the Board of Directors and the EMB is disclosed in the tables on p. 118 f.

The AGM approves the maximum compensation payable to the Board of Directors and the EMB. At the 2021 AGM, the shareholders will be asked to approve:

- The total compensation of the Board of Directors from 1 April 2021 to 31 March 2022
- The total fixed compensation of the EMB from 1 April 2021 to 31 March 2022
- The short-term incentive (STI) of the EMB for the 2020 business year
- The total long-term incentive (LTI) for the 2021 grant including grant-related social security for the EMB.

The reconciliation of approved and dispensed compensation for the 2020–2021 AGM period is shown in the table on the right.

Compensation approved and dispensed

in CHF 1 000

	Board of Directors	Executive Management Board
Compensation earned during the financial year (A)	2 207	16 010 ¹
Compensation earned for the period 1 January to 31 March 2020 (3 months) of the financial year (B)	(367)	(4 068) ¹
Compensation to be earned for the period from 1 January to 31 March 2021 (3 months) in the year following the financial year (C)	391	1 976
Total compensation earned from 1 April 2020 to 31 March 2021 (A)+(B)+(C)	2 231	13 918
Amount approved by shareholders at the 2020 AGM	2 700	15 400 ²
Compensation dispensed by the Company within approved amount	yes	yes

1 Includes replacement awards and relocation costs for newly joining EMB members (3) totaling CHF 2108. One member who was entitled to receive a replacement award in 2019 deferred the payment until 2020. All replacement awards were within the limits set by the AoA.

2 Does not include the 2020 STI that will be proposed in the 2021 AGM in the amount of CHF 3.5m, to be paid upon approval in April 2021.

REPORT OF THE STATUTORY AUDITOR ON THE REMUNERATION REPORT

To the General Meeting of Straumann Holding AG, Basel

We have audited the accompanying remuneration report of Straumann Holding AG for the year ended 31 December 2020. The audit was limited to the information according to articles 14 – 16 of the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance) contained in the tables labeled “audited” on page 118 and page 119 of the remuneration report.



BOARD OF DIRECTORS' RESPONSIBILITY

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



AUDITOR'S RESPONSIBILITY

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

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

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



OPINION

In our opinion, the remuneration report for the year ended 31 December 2020 of Straumann Holding AG complies with Swiss law and articles 14 – 16 of the Ordinance.

Ernst & Young Ltd

Daniel Zaugg
Licensed audit expert
(Auditor in charge)

Basel, 12 February 2021

Fabian Meier
Licensed audit expert



FINANCIAL REPORT

STRAUMANN GROUP

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**#TOGETHER
STRONG**

ALTERNATIVE PERFORMANCE MEASURES

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

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, will provide readers with helpful supplementary information to better understand the financial performance and position of the Group on a comparable basis from period to period. These 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 demands or damage that impacts the asset. In 2020 the Group has impaired assets mainly as a consequence of the COVID-19 pandemic. Refer to Note 4.4 and 7.4 of the consolidated financial statements for additional details.
- Restructuring: One-off costs resulting from major restructuring exercises. The amount disclosed in 2020 represents the costs incurred in relation to the reduction of the Group's workforce. Refer to Note 8.4 of the consolidated financial statements for additional details.
- 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. The amount disclosed in 2019 refers to the Align patent dispute settlement out of court.
- Pension plan: In 2020 a one time plan amendment gain of CHF 5.3 million was recorded mainly in respect of changes in the Swiss pension plan (adoption of a lower conversion rate). Refer to Note 8.2 of the consolidated financial statements for additional details.
- Consolidation result of former associates: Revaluation gains and losses as a result of obtaining control over former associates. In 2019 revaluation gains relate to the business combinations of Valoc, Zinedent, Anthogyr and Abutment Direct.
- Other: Non-recurring, unusual and infrequent incidents that cannot be allocated to any of the preceding categories. In 2019, the Group adjusted the various effects of a fire incident in its Canadian subsidiary Dental Wings Inc. On the one hand, the fire caused a material damage at the facility which is the main production center for in-lab and intraoral scanners. On the other hand, the Group is entitled to insurance reimbursements. The property damages and the insurance reimbursements are separate economic events, which are accounted for separately.

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

Further, the Group discloses **VARIOUS KPI**. Unless otherwise stated, the following KPI 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. Those effects are calculated using a simulation by reconsolidating the prior period revenues with the current year foreign exchange translation rates.

NET CASH (NET DEBT)

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

NET WORKING CAPITAL (NET OF CASH)

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

DAYS OF SUPPLIES (DOS)

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

DAYS OF SALES OUTSTANDING (DSO)

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

RETURN ON ASSETS (ROA)

Return on assets expresses the earning power of the Group's assets. The numerator is the profit for the period of the past 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 property, plant and equipment.

DIVIDEND PAY-OUT RATIO

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

CORE RESULT RECONCILIATION 2020

(in CHF 1 000)	IFRS 2020	PPA amortization	Impairments	Legal cases	Restructuring	Pension plan	CORE 2020
Revenue	1 425 851						1 425 851
Cost of goods sold	(396 073)	141	7 649		880		(387 403)
Gross profit	1 029 778	141	7 649		880		1 038 448
Other income	18 764						18 764
Distribution expense	(311 767)	8 094	12 314		8 287		(283 071)
Administrative expense	(580 234)	3 761	132 112		8 747	(5 275)	(440 890)
Operating profit	156 541	11 995	152 075		17 915	(5 275)	333 251
Finance income	75 033						75 033
Finance expense	(116 078)		10 118				(105 960)
Share of results of associates	(1 588)						(1 588)
Profit before income tax	113 907	11 995	162 193		17 915	(5 275)	300 735
Income tax expense	(21 640)	(3 287)	(12 613)		(2 687)	580	(39 647)
NET PROFIT	92 268	8 708	149 580		15 227	(4 695)	261 088
Attributable to:							
Shareholders of the parent company	91 282	8 431	147 139		15 227	(4 695)	257 385
Non-controlling interests	986	276	2 441				3 703
Basic earnings per share (in CHF)	5.75						16.20
Diluted earnings per share (in CHF)	5.73						16.16
Operating profit	156 541	11 995	152 075		17 915	(5 275)	333 251
Depreciation & amortization	249 442	(11 995)	(149 975)		0	0	87 472
EBITDA	405 983	0	2 100		17 915	(5 275)	420 722

CORE RESULT RECONCILIATION 2019

(in CHF 1 000)	IFRS 2019	PPA amortization	Impairments	Legal cases	Consolidation result former associates	Other	CORE 2019
Revenue	1 596 225						1 596 225
Cost of goods sold	(395 749)	2 484				4 272	(388 992)
Gross profit	1 200 477	2 484				4 272	1 207 233
Other income	12 807					(7 085)	5 722
Distribution expense	(330 974)	10 390					(320 584)
Administrative expense	(495 170)	6 421		25 500		2 796	(460 454)
Operating profit	387 140	19 294		25 500		(17)	431 917
Finance income	64 873						64 873
Finance expense	(89 475)						(89 475)
Gain on consolidation of former associates	5 967				(5 967)		0
Share of results of associates	(3 036)						(3 036)
Profit before income tax	365 469	19 294		25 500	(5 967)	(17)	404 279
Income tax expense	(57 440)	(5 416)		(3 188)		5	(66 039)
NET PROFIT	308 029	13 878		22 313	(5 967)	(13)	338 240
Attributable to:							
Shareholders of the parent company	306 473	13 410		22 313	(5 967)	(13)	336 216
Non-controlling interests	1 556	468		0	0	0	2 024
Basic earnings per share (in CHF)	19.33						21.21
Diluted earnings per share (in CHF)	19.26						21.13
Operating profit	387 140	19 294		25 500		(17)	431 917
Depreciation & amortization	93 498	(16 956)				(3 519.55)	73 022
EBITDA	480 637	2 338		25 500.00		(3 536.69)	504 939

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Assets

(in CHF 1 000)	Notes	31 Dec 2020	31 Dec 2019
Property, plant and equipment	4.1	313 547	325 164
Right-of-use assets	4.2	235 584	250 584
Intangible assets	4.3	650 285	742 841
Investments in associates	2.2	92 662	90 976
Financial assets	7.1	27 004	31 779
Other receivables		8 290	6 977
Deferred income tax assets	7.7	68 990	59 993
Total non-current assets		1 396 362	1 508 313
Inventories	5.1	216 570	234 553
Trade and other receivables	5.2	294 550	378 325
Financial assets	7.1	305	1 593
Income tax receivables		8 626	6 982
Cash and cash equivalents	5.3	632 201	260 211
Total current assets		1 152 252	881 665
TOTAL ASSETS		2 548 613	2 389 978

Equity and liabilities

(in CHF 1 000)	Notes	31 Dec 2020	31 Dec 2019
Share capital	7.5	1 591	1 588
Retained earnings and reserves		1 203 144	1 361 825
Total equity attributable to the shareholders of the parent company		1 204 735	1 363 413
Non-controlling interests		5 209	3 809
Total equity		1 209 943	1 367 222
Other liabilities	6.2	86 986	47 645
Income tax liabilities		9 654	9 594
Financial liabilities	7.2	730 622	270 764
Provisions	6.1	15 436	10 964
Retirement benefit obligations	8.2	73 325	67 918
Deferred income tax liabilities	7.7	43 228	36 887
Total non-current liabilities		959 250	443 773
Trade and other payables	5.4	317 591	308 762
Financial liabilities	7.2	27 635	224 725
Income tax liabilities		34 159	45 490
Provisions	6.1	35	7
Total current liabilities		379 420	578 983
Total liabilities		1 338 670	1 022 756
TOTAL EQUITY AND LIABILITIES		2 548 613	2 389 978

CONSOLIDATED INCOME STATEMENT

(in CHF 1 000)	Notes	2020	2019
Revenue	3.1	1 425 851	1 596 225
Cost of goods sold		(396 073)	(395 749)
Gross profit		1 029 778	1 200 477
Other income	3.3	18 764	12 807
Distribution expense		(311 767)	(330 974)
Administrative expense		(580 234)	(495 170)
Operating result		156 541	387 140
Finance income	7.4	75 033	64 873
Finance expense	7.4	(116 078)	(89 475)
Gain on consolidation of former associates	7.4	0	5 967
Share of results of associates	2.2	(1 588)	(3 036)
Result before income tax		113 907	365 469
Income tax	7.7	(21 640)	(57 440)
NET RESULT		92 268	308 029
Attributable to:			
Shareholders of the parent company		91 282	306 473
Non-controlling interests		986	1 556
Basic earnings per share attributable to ordinary shareholders of the parent company (in CHF)	3.2	5.75	19.33
Diluted earnings per share attributable to ordinary shareholders of the parent company (in CHF)	3.2	5.73	19.26

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in CHF 1 000)	2020	2019
Net profit	92 268	308 029
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Net foreign exchange result on net investment loans	(36 781)	(27 427)
Exchange differences on translation of foreign operations	(121 784)	(23 392)
Share of other comprehensive income/(loss) of associates accounted for using the equity method	(44)	2 485
Income tax effect	1 065	(1 207)
Other comprehensive income to be reclassified to profit or loss in subsequent periods	(157 544)	(49 540)
Items not to be reclassified to profit or loss in subsequent periods:		
Change in fair value of financial instruments designated through other comprehensive income	1 530	(3 579)
Remeasurements of retirement benefit obligations	(7 286)	(5 994)
Income tax effect	735	1 140
Items not to be reclassified to profit or loss in subsequent periods	(5 021)	(8 433)
Other comprehensive income/(loss), net of tax	(162 566)	(57 973)
TOTAL COMPREHENSIVE INCOME, NET OF TAX	(70 298)	250 056
Attributable to:		
Shareholders of the parent company	(71 095)	249 409
Non-controlling interests	797	647

CONSOLIDATED CASH FLOW STATEMENT

(in CHF 1 000)	Notes	2020	2019
Net result		92 268	308 029
Adjustments for:			
Income tax paid	7.7	21 640	57 440
Interest and other financial result		19 404	14 328
Foreign exchange result		11 561	11 190
Fair value adjustments		(519)	(935)
Financial impairment result	7.4	10 599	0
Gain on consolidation of former associates		0	(5 967)
Share of results of associates	2.2	1 588	3 036
Depreciation and amortization of:			
Property, plant and equipment	4.1, 4.4	44 511	42 445
Right-of-use assets	4.2, 4.4	27 240	24 012
Intangible assets	4.3, 4.4	27 716	27 041
Impairment of:			
Intangible assets	4.4	144 426	0
Property, plant and equipment	4.4	5 549	0
Change in provisions, retirement benefit obligations and other liabilities		(4 770)	(18 009)
Change in long-term assets		(3 359)	189
Share-based payments expense	8.1, 8.3	9 285	13 130
Result on disposal of property, plant and equipment		330	(141)
Working capital adjustments:			
Change in inventories		(13 568)	(42 093)
Change in trade and other receivables		53 067	(79 874)
Change in trade and other payables		(890)	72 623
Interest paid on lease liabilities	7.2	(6 626)	(6 612)
Interest paid		(7 658)	(7 151)
Interest received		2 267	580
Income tax paid		(57 466)	(34 783)
Cash flows from operating activities		376 594	378 478

(in CHF 1 000)	Notes	2020	2019
Purchase of financial assets		(6 392)	0
Proceeds from sale of financial assets		363	160
Purchase of property, plant and equipment		(70 842)	(134 599)
Purchase of intangible assets		(11 227)	(15 261)
Purchase of investments in associates		(3 161)	(12 327)
Acquisition of a business, net of cash acquired	2.1	(42 584)	(68 725)
Contingent consideration paid	7.3	(12 554)	(8 415)
Proceeds from loans		821	1 792
Disbursement of loans		(774)	(2 594)
Dividends received from associates		812	1 789
Net proceeds from sale of non-current assets		712	1 032
Cash flows from investing activities		(144 825)	(237 147)
Purchase of non-controlling interests	7.2, 7.3	0	(47 365)
Repayment of non-current financial debts	7.2	(3 934)	(2 755)
Increase in non-current financial debt	7.2	479 031	0
Repayment of current financial debts	7.2	(200 057)	0
Dividends paid to the equity holders of the parent	7.6	(91 231)	(83 126)
Dividends paid to non-controlling interests		(1 245)	(580)
Payment of lease liabilities	7.2	(24 920)	(22 905)
Sale of treasury shares		0	5 061
Purchase of treasury shares		(4 312)	(4 816)
Cash flows from financing activities		153 331	(156 486)
Exchange rate differences on cash held		(13 110)	(3 307)
Net change in cash and cash equivalents		371 990	(18 463)
Cash and cash equivalents at 1 January	5.3	260 211	278 674
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	5.3	632 201	260 211

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

2020

(in CHF 1 000)

2020

(in CHF 1 000)		Attributable to the shareholders of the parent company							
	Notes	Share capital	Share premium	Treasury shares	Translation reserves	Retained earnings	Total	Non-controlling interests	Total equity
At 1 January 2020		1 588	31 412	(9 361)	(216 498)	1 556 272	1 363 413	3 809	1 367 222
Net profit						91 282	91 282	986	92 268
Other comprehensive income					(158 377)	(4 000)	(162 377)	(189)	(162 566)
Total comprehensive income		0	0	0	(158 377)	87 282	(71 095)	797	(70 298)
Issue of share capital	7.5	3	21 187			(21 189)	0		0
Dividends to equity holders of the parent	7.6					(91 231)	(91 231)		(91 231)
Dividends to non-controlling interests							0	(1 245)	(1 245)
Share-based payment transactions	8.1, 8.3					9 207	9 207		9 207
Purchase of treasury shares				(4 312)			(4 312)		(4 312)
Usage of treasury shares				2 603		(2 603)	0		0
Changes in consolidation group							0	526	526
Put options to non-controlling interests						(1 248)	(1 248)	1 321	73
AT 31 DECEMBER 2020		1 591	52 599	(11 070)	(374 875)	1 536 490	1 204 734	5 209	1 209 943

2019

(in CHF 1 000)

(in CHF 1 000)		Attributable to the shareholders of the parent company							
	Notes	Share capital	Share premium	Treasury shares	Translation reserves	Retained earnings	Total	Non-controlling interests	Total equity
At 1 January 2019		1 588	31 412	(19 870)	(169 045)	1 356 839	1 200 924	3 396	1 204 320
Net profit						306 473	306 473	1 556	308 029
Other comprehensive income					(47 453)	(9 611)	(57 064)	(909)	(57 973)
Total comprehensive income		0	0	0	(47 453)	296 862	249 409	647	250 056
Dividends to equity holders of the parent	7.6					(83 126)	(83 126)		(83 126)
Dividends to non-controlling interests							0	(580)	(580)
Share-based payment transactions	8.1, 8.3					13 384	13 384		13 384
Purchase of treasury shares				(4 816)			(4 816)		(4 816)
Usage of treasury shares				15 324		(10 485)	4 839		4 839
Changes in consolidation group						333	333	3 474	3 807
Put options to non-controlling interests						(17 534)	(17 534)	(3 128)	(20 662)
AT 31 DECEMBER 2019		1 588	31 412	(9 361)	(216 498)	1 556 272	1 363 413	3 809	1 367 222

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1 GENERAL INFORMATION AND ACCOUNTING POLICIES

1.1 CORPORATE INFORMATION

The Straumann Group (SIX: STMN) is a global leader in tooth replacement and orthodontic solutions that restore smiles and confidence. It unites global and international brands that stand for excellence, innovation and quality in replacement, corrective and digital dentistry, including Anthogyr, ClearCorrect, Dental Wings, Medentika, Neodent, Straumann and other fully or partly owned companies and partners. In collaboration with leading clinics, institutes and universities, the Group researches, develops, manufactures and supplies dental implants, instruments, CAD/CAM prosthetics, biomaterials and digital solutions for use in tooth replacement and restoration or to prevent tooth loss. Headquartered in Basel, Switzerland, the Group currently employs approximately 7 300 people worldwide and its products, solutions and services are available in more than 100 countries through a broad network of distribution subsidiaries and partners.

The consolidated financial statements of the Straumann Group for the year ended 31 December 2020 were authorized for issue in accordance with a resolution of the Board of Directors on 12 February 2021 and are subject to approval by the Annual General Meeting on 9 April 2021.

1.2 BASIS OF PREPARATION

STATEMENT OF COMPLIANCE

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

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

BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of Straumann Holding AG and its subsidiaries as of 31 December 2020.

SUBSIDIARIES

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

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

ASSOCIATES

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

JOINT ARRANGEMENTS

For entities over which the Group has joint control together with one or more partners (joint arrangements), the Group assesses whether a joint operation or a joint venture exists. In a joint venture, the parties that have joint control of the arrangement have rights to the net assets of the arrangement. For joint ventures, the equity method is applied.

1.3 CHANGES IN ACCOUNTING POLICIES

AMENDMENTS EFFECTIVE IN 2020

The following amendments apply for the first time in 2020 but do not have a material impact on the consolidated financial statements of the Group:

- IFRS 3 'Definition of a business' (effective 1 January 2020)
- IAS 1 and 8 'Definition of Material' (effective 1 January 2020)
- IFRS 16 'COVID-19-Related Rent Concessions' (effective 1 June 2020). The amendment permits lessees, as a practical expedient, not to assess whether particular rent concessions occurring as a direct consequence of the COVID-19 pandemic are lease modifications and instead to account for those rent concessions as if they are not lease modifications. The Group early applies the expedient to rent concessions occurring as a direct consequence of the COVID-19 pandemic. The concessions obtained in 2020 are not material.
- IFRS 7, IFRS 9 and IAS 39 'Interest Rate Benchmark Reform' Phase 1 (effective 1 January 2020)
- Conceptual Framework for Financial Reporting issued on 29 March 2018 (effective 1 January 2020)

STANDARDS, AMENDMENTS AND INTERPRETATIONS THAT ARE NOT YET EFFECTIVE AND HAVE NOT BEEN ADOPTED EARLY BY THE GROUP

The following standards and amendments to existing standards, which are relevant to the Group, have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2021 or later periods, and the Group has not adopted them early:

- IFRS 7, IFRS 9 and IAS 39 'Interest Rate Benchmark Reform' Phase 2 (effective 1 January 2021)
- IFRS 10 and IAS 28 (Amendments) 'Sale or Contribution of Assets between an Investor and its Associate or Joint Venture' (effective date to be defined)

- IAS 1 (Amendments) 'Classification of liabilities as current or non-current' (effective 1 January 2022)
- IFRS 3 (Amendments) 'Reference to the Conceptual Framework' (effective 1 January 2022)
- IAS 16 (Amendments) 'Property, Plant and Equipment: Proceeds before Intended Use' (effective 1 January 2022)
- IAS 37 (Amendments) 'Onerous Contracts - Costs of Fulfilling a Contract' (effective 1 January 2022)

1.4 CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGMENTS

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

CONTINGENT CONSIDERATIONS

The Group has entered into several contingent consideration arrangements arising from business combinations. Those arrangements are structured either as deferred purchase price payments or as put options granted to non-controlling interests. The fair values of the financial liabilities arising from those arrangements are based on the expected payment amounts and are discounted to present value using a risk-adjusted rate. The significant unobservable inputs are the forecasted performance targets (sales and/or profitability measures) and the risk-adjusted discount rate. The sensitivity of the fair values to those unobservable inputs are disclosed in Note 7.3.

IMPAIRMENT OF NON-FINANCIAL ASSETS

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

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

LEASES

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

DEFERRED INCOME TAX ASSETS

In connection with the acquisition of the Brazilian company Neodent, the Group has capitalized deferred tax

assets in the amount of CHF 22.1 million as of 31 December 2020 (2019: CHF 37.7 million). The deferred tax assets were generated through tax deductible goodwill and fair value step-ups stemming from mergers subsequent to Neodent's acquisition through fully owned subsidiaries of the Group. Based on ongoing internal and external evaluations, the Group judges the capitalization of the deferred taxes as appropriate. Nevertheless, the Brazilian tax authorities have challenged the legality of the tax deductibility of the statutory goodwill and intangible assets at the competent Brazilian Administrative Court. In 2019, the case reached the second level of appeal and was ruled, as expected, against Neodent. The case did not progress since then, as the Administrative Court has temporarily suspended case handling owing to the COVID-19 pandemic. The Group is still determined to take the case to the regular judicial courts should the decision of the tax authorities be upheld by the third appeal level of the Administrative Court. An unfavorable decision by the judicial court is possible but considered unlikely by the Group at present. An unfavorable final verdict would affect the Group's financial statements in future years.

INCOME TAXES

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

PENSION AND OTHER EMPLOYMENT BENEFITS

The cost of defined benefit pension plans and other post-employment medical benefits is determined using actuarial valuations, which involve making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty. The net employee retirement benefit obligation at 31 December 2020 was CHF 73.3 million (2019: CHF 67.9 million). Further details are given in Note 8.2.

1.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

FOREIGN CURRENCY TRANSLATION

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

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

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses. Such costs include the cost of replacing part of the plant and equipment when that cost is incurred. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

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

- Buildings: 20–30 years
- Plant, machinery and other equipment: 3–10 years.

Land is not depreciated as it is deemed to have an indefinite life. Leasehold improvements are depreciated over the lease term including optional extension of the lease period but not exceeding its economic life.

An item of property, plant and equipment is derecognized when it is abandoned, removed or classified as 'held for sale'. For assets that are abandoned or removed, any remaining net carrying value is charged to profit or loss. The residual values, useful lives and methods of depreciation of assets are reviewed, and adjusted if appropriate, at the end of each financial year.

LEASES

The Group leases various buildings, plant and machinery and other equipment. Rental contracts are typically made for fixed periods but may have extension options as described below. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Leases are recognized as a right-of-use asset and a corresponding liability (included in financial liabilities) at the commencement of the lease. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

RIGHT-OF-USE ASSETS

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

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

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

LEASE LIABILITIES

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

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

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

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

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

BUSINESS COMBINATIONS AND GOODWILL

Business combinations are accounted for using the acquisition method. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values on the acquisition date, irrespective of any non-controlling interests. The excess of the costs of the acquisition above the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. Goodwill is initially measured at cost. If the costs of the acquisition are less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is allocated from the acquisition date to each of the Group's cash-generating units or groups of cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

INTANGIBLE ASSETS

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

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

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

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

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

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

IMPAIRMENT OF NON-FINANCIAL ASSETS

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

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

A previously recognized impairment loss is reversed only if there has been a change in the estimate used to determine the asset's recoverable amount since the last impairment loss was recognized. If this is the case, the carrying amount of the asset is increased to its recoverable amount. The increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

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

FINANCIAL ASSETS

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

The Group has the following categories of financial assets:

FINANCIAL ASSETS MEASURED AT AMORTIZED COST

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

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

FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

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

FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OCI

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

FAIR VALUE OF FINANCIAL INSTRUMENTS

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

TRADE AND OTHER RECEIVABLES

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

IMPAIRMENT OF FINANCIAL ASSETS

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

The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an

approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

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

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

INVENTORIES

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

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

CASH AND CASH EQUIVALENTS

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

PUT OPTIONS TO NON-CONTROLLING INTERESTS

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

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

TRADE PAYABLES

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

FINANCIAL LIABILITIES

INTEREST-BEARING LOANS AND BORROWINGS

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

FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

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

DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING

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

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

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

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

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

PROVISIONS

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

EMPLOYEE BENEFITS

PENSION OBLIGATIONS

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

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

A defined benefit plan is a pension plan that is not a defined contribution plan. Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognized in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the

projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

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

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

SHORT-TERM EMPLOYEE BENEFITS—BONUSES

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

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

SHARE-BASED COMPENSATION

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

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

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

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

No expense is recognized for awards that do not ultimately vest. Where the terms of an equity-settled award are modified, the minimum expense recognized is the expense if the terms had not been modified. An additional expense is recognized for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date of grant, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

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

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

GOVERNMENT GRANTS

Government grants are recognized where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as other income on a systematic basis over the periods that the related costs for which it is intended to compensate are expensed. When the grant relates to an asset, it is recognized as income in equal amounts over the expected useful life of the related asset.

When the Group receives grants of non-monetary assets, the asset and the grant are recorded at nominal amounts and released to profit or loss over the expected useful life of the asset, based on the pattern of consumption of the benefits of the underlying asset by equal annual installments.

REVENUE RECOGNITION

Revenues on the sale of the Group's products and services are recognized when a contractual promise to a customer (performance obligation) has been fulfilled by transferring control over the promised goods and services to the customer, generally at the point in time of shipment to, or receipt by, the customer, or when the services are performed.

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

versus products that can be placed back in inventory for resale. The Group's obligation to provide a refund for faulty products under the warranty terms is recognized as a provision.

DISAGGREGATION OF REVENUE FROM CONTRACTS WITH CUSTOMERS

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

RELATED PARTIES

A party is related to an entity if the party directly or indirectly controls, is controlled by or is under common control with the entity; or if it has an interest in the entity that gives it significant influence over the entity; or if it has joint control over the entity or is an associate or a joint venture of the entity. In addition, members and dependents of the Key Management Personnel of the entity (Board of Directors and Executive Management Board) are also considered related parties.

TAXES

CURRENT INCOME TAX

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

DEFERRED INCOME TAX

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

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

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

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

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

- in respect to deductible temporary differences associated with investments in subsidiaries and associates. Deferred income tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

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

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

SALES TAXES

Revenues, expenses and assets are recognized net of the amount of sales tax, except:

- where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item
- in the case of receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

2 INVESTMENTS**2.1 BUSINESS COMBINATIONS****TRANSACTIONS IN 2020****DRSMILE**

On 11 August 2020, Straumann acquired a 74.9% stake in SmileCo GmbH ('DrSmile'). Based on a call and put option agreement, the Group will obtain the remaining shares after 31 August 2021. As the Group has acquired a present ownership interest in the shares considering the equivalent terms of the call and put options, those shares are accounted for as acquired.

Based in Berlin, Germany, DrSmile is a fast-growing provider of orthodontic treatment solutions in Europe. The company combines direct-to-consumer (DTC) marketing expertise with doctor-led treatment and complements Straumann's existing clear aligner business. DrSmile has built up a network of partner practices across Germany and has also started to expand internationally in Austria and Spain.

The Group measured the acquired lease liabilities using the present value of the remaining lease payments at the date of acquisition. The right-of-use assets were measured at an amount equal to the lease liabilities and adjusted to reflect the favourable terms of the lease relative to market terms.

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

From the acquisition date DrSmile contributed revenues of CHF 18.7 million, with no material impact on net profit. If DrSmile had been included as of 1 January 2020, management estimates the impact on consolidated revenues and consolidated net income for the twelve months ended 31 December 2020 would have been CHF 39.7 million and no material impact on net profit.

ARTIS BIO TECH

Besides DrSmile, the Group conducted the business combination of Artis Bio Tech, a Romanian distributor of dental implant systems. This business combination had no material impact on the Group's revenues or net profit, neither from the acquisition date, nor when considering an inclusion of the acquisition as of 1 January 2020.

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

(in CHF 1 000)	DrSmile	Artis Bio Tech
Assets		
Property, plant and equipment	530	128
Right-of-use assets	12 395	0
Intangible assets:		
Brand	38 036	1 055
Distribution relationships	13 878	0
Customer relationships	0	3 162
Other intangible assets	5	0
Deferred tax assets	25	0
Inventories	0	16
Trade and other receivables	5 023	102
Financial assets	106	0
Cash and cash equivalents	18 534	19
Total assets	88 533	4 482
Liabilities		
Financial liabilities	17 460	61
Deferred income tax liabilities	15 575	0
Trade and other payables	6 299	6
Total liabilities	39 334	67
TOTAL IDENTIFIABLE NET ASSETS AT FAIR VALUE	49 199	4 415
Goodwill	82 977	3 907
Consideration	132 176	8 322
Satisfied in cash	55 858	5 277
Contingent consideration	76 318	3 045
Consideration	132 176	8 322
Cash flow		
Net cash acquired	18 534	19
Cash paid	(55 858)	(5 277)
NET CASH FLOW	(37 324)	(5 258)

At the date of the business combination, the fair values of trade receivables amounted to CHF 0.5 million from DrSmile, CHF 0.1 million from Artis Bio Tech. The fair values did not materially differ from the contractual gross amounts.

Contingent consideration payments depend on the performance of both acquired businesses. At the balance-sheet date, the fair value of these financial liabilities collectively amounted to CHF 80.5 million.

TRANSACTIONS IN 2019

ANTHOGYR GROUP

On 21 May 2019 the Group increased its stake in the French Group Anthogyr from 30% to full ownership. Anthogyr develops, manufactures and sells high quality, innovative implant and CAD/CAM solutions. As a result, the Group obtained control and started to consolidate Anthogyr in its financial statements from that date. Until 20 May 2019, Anthogyr was accounted for using the equity method and therefore the Group's share of results was reported as share of results of associates in the Group's income statement.

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

From the acquisition date Anthogyr contributed revenues of CHF 30.3 million, with no material impact on net profit. If Anthogyr had been included as of 1 January 2019, management estimates the impact on consolidated revenues and consolidated net income for the twelve months ended 31 December 2019 would have been CHF 51.2 million and no material impact on net profit.

BAY MATERIALS, LLC

On 23 October 2019 the Group has acquired Bay Materials, LLC. Based in Fremont, US, the company is specialized in the design, development and supply of high-performance thermoplastics for orthodontic applications. The Group obtained control and started to consolidate Bay Materials in its financial statements from the date of acquisition.

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

The business combination had no material impact on the Group's revenues or net profit, neither for the period from 23 October 2019 to 31 December 2019, nor when considering an inclusion of Bay Materials as of 1 January 2019.

OTHER BUSINESS COMBINATIONS

Besides Anthogyr and Bay Materials, the Group conducted eight additional business combinations:

- Zinedent Implant Uretim Anonim Sirketi ('Zinedent')
- etkon (Schweiz) AG
- Valoc AG
- Abutment Direct Inc
- The Chilean distributor of Alpha Bio
- Medikadent d.o.o.
- Digital Planning Service Private Limited
- Yller Biomaterials S.A.

These business combinations had no material impact on the Group's revenues or net profit, neither from the acquisition date, nor when considering an inclusion of these acquisitions as of 1 January 2019.

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

(in CHF 1 000)	Anthogyr	Bay Materials	Other
Assets			
Property, plant and equipment	11 024	613	1 627
Right-of-use assets	4 566	2 023	6 778
Intangible assets:			
Brand	13 500	2 975	523
Customer relationships	1 880	0	7 889
Technology	0	6 569	3 933
Other intangible assets	628	17	805
Deferred tax assets	0	0	613
Inventories	17 529	835	4 103
Trade and other receivables	15 017	912	4 058
Cash and cash equivalents	(775)	653	2 060
Total assets	63 369	14 596	32 389
Liabilities			
Financial liabilities	15 840	2 023	7 495
Deferred income tax liabilities	5 152	2 443	2 157
Provisions and other long term liabilities	1 151	3 025	1 278
Trade and other payables	11 650	1 384	6 268
Total liabilities	33 793	8 874	17 197
TOTAL IDENTIFIABLE NET ASSETS AT FAIR VALUE	29 576	5 722	15 191
Fair value of previously held interest	(16 348)	0	(11 793)
Non controlling interest	0	0	(2 594)
Goodwill	24 918	15 413	42 222
Consideration	38 145	21 135	43 025
Satisfied in cash	38 145	13 197	19 321
Contingent consideration	0	7 937	23 704
Consideration	38 145	21 135	43 025
Cash flow			
Net cash acquired	(775)	653	2 060
Cash paid	(38 145)	(13 197)	(19 321)
NET CASH FLOW	(38 920)	(12 544)	(17 261)

At the date of the business combination, the fair values of trade receivables amounted to CHF 9.5 million from Anthogyr, CHF 0.8 million from Bay Materials and CHF 2.5 million from other business combinations. The fair values did not materially differ from the contractual gross amounts.

Contingent consideration payments depend on the performance of the acquired businesses. In two cases the Group has written put options granting the holders of the non-controlling interests the right to sell their remaining shares to the Group.

As a result of derecognizing its equity interest in the former associates Zinedent, Valoc AG, Abutment Direct Inc and Anthogyr, the Group realized a fair value gain of CHF 6.0 million. The related translation losses of CHF 0.4 million have been reclassified from comprehensive income to the income statement. Both effects are shown in a separate line in the income statement under 'Gain on consolidation of former associates'.

2.2 INVESTMENTS IN ASSOCIATES

The Group has investments which are accounted for as associated companies. In 2020, the Group invested in one associated company (Promaton Holding B.V). Anthogyr SAS is not included anymore as the Group obtained control over Anthogyr on 21 May 2019 (Note 2.1).

From a Group perspective, the associates botiss medical AG, Berlin, Germany and Rapid Shape GmbH, Heimsheim, Germany are material at the reporting date.

(in CHF 1 000)	2020		2019	
	Balance sheet value	Net income statement effect	Balance sheet value	Net income statement effect
botiss medical AG, Germany	41 556	957	41 526	(546)
Anthogyr SAS, France (until May 2019)	0	0	0	362
Rapid Shape GmbH, Germany	20 638	(157)	20 837	(518)
Others	30 468	(2 388)	28 613	(2 334)
TOTAL	92 662	(1 588)	90 976	(3 036)

BOTISS MEDICAL AG

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

RAPID SHAPE GMBH

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

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

(in CHF 1 000)	2020		2019	
	botiss medical AG	Rapid Shape GmbH	botiss medical AG	Rapid Shape GmbH
Current assets	18 831	6 088	16 426	6 919
Non-current assets	44 133	11 619	42 223	13 088
Current liabilities	(9 792)	(2 791)	(6 566)	(4 182)
Non-current liabilities	(10 009)	(3 724)	(9 206)	(4 159)
Net assets	43 163	11 193	42 877	11 666

RECONCILIATION TO CARRYING AMOUNT

Opening net assets	42 877	11 667	49 655	14 085
Result for the period	3 190	(447)	(1 820)	(1 480)
Other comprehensive income	(145)	0	99	0
Dividends declared	(2 712)	0	(3 260)	(452)
Currency translation adjustments	(48)	(27)	(1 797)	(487)
Closing net assets at 31 December	43 162	11 193	42 877	11 666
Group's share in %	30.0	35.0	30.0	35.0
Group's share in CHF	12 949	3 917	12 863	4 083
Goodwill	30 557	17 682	30 557	17 682
Currency translation adjustments on goodwill	(1 950)	(961)	(1 895)	(928)
CARRYING AMOUNT	41 556	20 638	41 526	20 837

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

(in CHF 1 000)	2020		2019	
	botiss medical AG	Rapid Shape GmbH	botiss medical AG	Rapid Shape GmbH
Revenue	21 784	14 155	26 209	16 435
Result from continuing operations	3 190	(447)	(1 820)	(1 480)
RESULT FOR THE PERIOD	3 190	(447)	(1 820)	(1 480)
Other comprehensive income/(loss)	(145)	0	99	0
TOTAL COMPREHENSIVE INCOME/(LOSS)	3 045	(447)	(1 721)	(1 480)

OTHER INVESTMENTS:

In addition to the investments in botiss medical AG and Rapid Shape GmbH disclosed above, the Group also has investments in other associates that are accounted for using the equity method. Considered individually they are immaterial for the presentation of the Group's financial statements.

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

(in CHF 1 000)	2020	2019
Aggregate carrying amount of individually immaterial associates	30 468	28 613
AGGREGATE AMOUNT OF GROUP'S SHARE OF		
Result from continuing operations	(2 388)	(2 334)
RESULT FOR THE PERIOD	(2 388)	(2 334)
Other comprehensive income/(loss)	0	2 456
TOTAL COMPREHENSIVE INCOME/(LOSS)	(2 388)	122

3 OPERATING PERFORMANCE

3.1 OPERATING SEGMENTS

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 EUROPE

Sales Europe comprises the Group's distribution businesses in Europe. It also includes Medentika's distribution business and its manufacturing plant in Germany (which produces implants and prosthetic components), the implant-borne prosthetics business of Createch as well as the business of Anthogyr, a French company that develops, manufactures and sells dental-implant systems and CAD/CAM solutions. The segment also incorporates the recently acquired DrSmile, a leading provider of clinician-led clear aligner treatment solutions in Germany, Austria and Spain and the Dental Wing's distribution business in Europe. It includes segment-related management functions located inside and outside Switzerland.

SALES DISTRIBUTOR & EMERGING MARKETS EMEA

Sales Distributor & Emerging Markets EMEA comprises the Group's distribution businesses mainly in Turkey and Russia, as well as the business with European, African and Middle Eastern distributors. It includes segment-related management functions located inside and outside Switzerland.

SALES NAM

Sales NAM comprises the Group's distribution businesses in the United States and Canada. It also includes ClearCorrect's clear aligner business and its associated development and production activities in the United States as well as the recently acquired 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 Wings' distribution business in the United States and Canada as well as its associated development and production activities in Canada. It includes segment-related management functions located inside and outside Switzerland.

SALES APAC

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. It includes segment-related management functions located inside and outside Switzerland.

SALES LATAM

Sales LATAM comprises the Group's distribution businesses in Middle and South America as well as the business with Latin American distributors. It also includes Neodent's distribution business in Brazil, as well as Neodent's business with Latin American distributors. It contains Neodent's manufacturing plants in Brazil (which produce implants, biomaterials, CAD/CAM products and clear aligners). The segment also incorporates the recently acquired Yllers Biomaterials, a Brazilian company specialized in developing and manufacturing high-tech materials for 3D-printing. 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 Yllers Biomaterials.

INFORMATION ABOUT PROFIT OR LOSS, ASSETS AND LIABILITIES

2020

(in CHF 1 000)

	Sales Europe	Sales D+EM EMEA	Sales NAM	Sales APAC	Sales LATAM	Operations	Not allo- cated items	Eliminations	Group
Revenue third party	504 881	110 199	440 226	280 364	90 181	0	0		1 425 851
Revenue inter-segment	80 556	0	14 168	0	31 275	722 463	0	(848 462)	0
Total revenue	585 437	110 199	454 394	280 364	121 456	722 463	0	(848 462)	1 425 851
Depreciation & amortization	(17 597)	(1 689)	(13 191)	(10 692)	(12 122)	(23 945)	(20 231)	0	(99 467)
Impairment	(21 634)	(5 453)	(92 181)	(23 924)	(6 783)	0	0	0	(149 975)
Other expenses/income	(523 915)	(80 830)	(431 875)	(274 722)	(97 524)	(265 005)	(168 493)	822 496	(1 019 868)
Operating result	22 291	22 227	(82 853)	(28 974)	5 027	433 513	(188 724)	(25 966)	156 541
Finance income and expense									(41 045)
Share of result of associates									(1 588)
Income tax expense									(21 640)
NET RESULT									92 268
Segment assets	630 185	111 403	315 681	149 222	275 297	483 603	88 610	(326 550)	1 727 451
Unallocated assets, thereof:									
Cash and cash equivalents									632 201
Deferred income tax assets									68 990
Financial assets									27 309
Investments in associates									92 662
GROUP									2 548 613
Segment liabilities	149 122	47 596	87 639	70 420	27 620	124 345	226 210	(195 767)	537 185
Unallocated liabilities, thereof:									
Deferred income tax liabilities									43 228
Financial liabilities									758 257
GROUP									1 338 670
Addition in non-current assets	15 179	2 627	6 005	7 610	9 751	52 446			93 618

Transactions between the segments are eliminated in the course of consolidation and the eliminated amounts are shown in 'Eliminations'. The remaining operating profit under 'Eliminations' represents the net change in inter-segment elimination of unrealized profits from the transfer of goods between Group companies.

Addition in non-current assets consists of additions of property, plant and equipment, right-of-use assets and intangible assets.

2019

(in CHF 1 000)

	Sales Europe	Sales D+EM EMEA	Sales NAM	Sales APAC	Sales LATAM	Operations	Not allo- cated items	Eliminations	Group
Revenue third party	549 214	121 429	486 973	298 974	139 635	0	0		1 596 225
Revenue inter-segment	54 603	0	7 129	74	26 355	744 276	0	(832 437)	0
Total revenue	603 817	121 429	494 102	299 048	165 990	744 276	0	(832 437)	1 596 225
Depreciation & amortization	(13 342)	(1 539)	(2 258)	(8 544)	(15 455)	(23 505)	(28 856)	0	(93 498)
Other expenses/income	(529 938)	(81 637)	(449 433)	(291 506)	(129 538)	(252 202)	(196 667)	815 335	(1 115 586)
Operating result	60 537	38 253	42 411	(1 002)	20 997	468 569	(225 523)	(17 102)	387 140
Finance income and expense									(24 602)
Gain on consolidation of former associates									5 967
Share of result of associates									(3 036)
Income tax expense									(57 440)
NET RESULT									308 029
Segment assets	498 007	99 244	444 601	195 653	387 601	473 760	94 728	(248 168)	1 945 426
Unallocated assets, thereof:									
Cash and cash equivalents									260 211
Deferred income tax assets									59 993
Financial assets									33 372
Investments in associates									90 976
GROUP									2 389 978
Segment liabilities	118 669	41 842	88 058	97 432	43 482	124 435	126 122	(149 660)	490 380
Unallocated liabilities, thereof:									
Deferred income tax liabilities									36 887
Financial liabilities									495 489
GROUP									1 022 756
Addition in non-current assets	17 055	1 308	21 603	10 318	18 785	87 676			156 745

NON-CURRENT ASSETS BY LOCATION

(in CHF 1 000)	2020	2019
Switzerland	246 154	244 284
Germany	348 596	193 890
United States of America	253 683	289 000
Brazil	172 636	246 079
Other	271 009	436 311
GROUP	1 292 078	1 409 564

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

REVENUES WITH EXTERNAL PARTIES

(in CHF 1 000)	2020	2019
BY PRODUCT CATEGORY		
Implant Solutions	775 998	907 748
Restorative Solutions	383 795	435 209
Other	266 058	253 268
GROUP	1 425 851	1 596 225
BY LOCATION OF CUSTOMER		
Switzerland	31 420	32 495
United States of America	396 302	444 293
Germany	192 075	175 669
China	158 074	165 950
Japan	81 291	81 185
Brazil	73 780	113 138
Other	492 908	583 451
GROUP	1 425 851	1 596 225

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

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

3.2 EARNINGS PER SHARE**BASIC EARNINGS PER SHARE**

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

	2020	2019
Net profit attributable to shareholders (in CHF 1 000)	91 282	306 473
Weighted average number of ordinary shares outstanding	15 883 102	15 853 138
BASIC EARNINGS PER SHARE (IN CHF)	5.75	19.33

DILUTED EARNINGS PER SHARE

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

	2020	2019
Net profit used to determine diluted earnings per share (in CHF 1 000)	91 282	306 473
Weighted average number of ordinary shares outstanding	15 883 102	15 853 138
Adjustments for instruments issued	41 728	60 506
Weighted average number of ordinary shares for diluted earnings per share	15 924 830	15 913 644
DILUTED EARNINGS PER SHARE (IN CHF)	5.73	19.26

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

3.3 OTHER INCOME

(in CHF 1 000)	2020	2019
Government grants	13 898	0
Insurance reimbursements	274	7 745
Rental income	1 521	1 799
Other	3 071	3 263
TOTAL OTHER INCOME	18 764	12 807

As a response to the COVID-19 global pandemic, governments around the world have implemented measures to help businesses and economies to withstand the negative impacts of the COVID-19 crisis. Mainly related to short-time working subsidies in various countries, the Group has been awarded government grants in the amount of CHF 13.9 million in 2020 (2019: CHF nil).

In May 2019 the main scanner production center of the Group's subsidiary Dental Wings Inc. in Montreal, Canada faced a material property damage from a fire incident. The Group maintains insurance to mitigate the losses associated with property damage and business interruption and has a valid insurance policy that includes coverage for the incident. In connection with those claims, the Group has recognized an income from insurance recoveries in the amount of CHF 0.3 million (2019: CHF 7.7 million).

4 TANGIBLE AND INTANGIBLE ASSETS

4.1 PROPERTY, PLANT AND EQUIPMENT

2020

(in CHF 1 000)	Land	Buildings	Plant and machinery	Other	Total
COST					
At 1 January	20 190	183 129	341 120	136 711	681 150
Change in consolidation scope - additions (Note 2.1)	0	128	0	530	658
Additions	4 941	25 955	24 677	15 269	70 842
Disposals	0	(836)	(6 150)	(4 429)	(11 414)
Change in consolidation scope - disposals (Note 9.5)	0	(98)	(942)	(76)	(1 116)
Currency translation adjustments	(4 251)	(6 735)	(21 539)	(9 781)	(42 306)
At 31 December	20 880	201 544	337 166	138 223	697 813
ACCUMULATED DEPRECIATION					
At 1 January	0	(93 154)	(166 710)	(96 121)	(355 985)
Depreciation charge (Note 4.5)	0	(6 939)	(23 541)	(14 031)	(44 511)
Impairment (Note 4.4)	0	(539)	(4 937)	(72)	(5 549)
Disposals	0	328	5 194	3 148	8 670
Change in consolidation scope - disposals (Note 9.5)	0	74	221	49	343
Currency translation adjustments	0	1 654	7 257	3 853	12 765
At 31 December	0	(98 576)	(182 516)	(103 174)	(384 266)
NET BOOK VALUE	20 880	102 968	154 650	35 049	313 547

2019

(in CHF 1 000)	Land	Buildings	Plant and machinery	Other	Total
COST					
At 1 January	17 668	140 795	278 151	131 424	568 037
Change in consolidation scope (Note 2.1)	0	2 782	9 280	1 201	13 263
Additions	3 389	42 777	69 655	18 779	134 599
Disposals	0	(1 755)	(9 930)	(10 867)	(22 552)
Reclassifications	0	0	0	0	0
Currency translation adjustments	(866)	(1 470)	(6 036)	(3 825)	(12 198)
At 31 December	20 190	183 129	341 120	136 711	681 150
ACCUMULATED DEPRECIATION					
At 1 January	0	(89 149)	(154 881)	(93 801)	(337 831)
Depreciation charge (Note 4.5)	0	(6 131)	(22 203)	(14 111)	(42 445)
Disposals	0	1 532	8 201	10 326	20 059
Currency translation adjustments	0	594	2 172	1 466	4 232
At 31 December	0	(93 154)	(166 710)	(96 121)	(355 985)
NET BOOK VALUE	20 190	89 975	174 409	40 590	325 164

Repair and maintenance expenses for property, plant and equipment for the business year 2020 amounted to CHF 9.5 million (2019: CHF 9.0 million).

4.2 RIGHT-OF-USE ASSETS

2020

(in CHF 1 000)	Buildings	Plant and machinery	Other	Total
COST				
At 1 January	252 623	4 247	15 768	272 638
Change in consolidation scope - additions (Note 2.1)	9 379	0	3 015	12 395
Additions	13 747	13	6 375	20 136
Disposals	(9 207)	(433)	(3 834)	(13 475)
Change in consolidation scope - disposals (Note 9.5)	(226)	0	0	(226)
Currency translation adjustments	(10 565)	(189)	(747)	(11 501)
At 31 December	255 752	3 638	20 577	279 967
ACCUMULATED DEPRECIATION				
At 1 January	(16 756)	(866)	(4 433)	(22 054)
Depreciation charge (Note 4.5)	(20 174)	(1 150)	(5 916)	(27 240)
Disposals	1 586	245	1 754	3 586
Change in consolidation scope - disposals (Note 9.5)	144	0	0	144
Currency translation adjustments	916	58	207	1 181
At 31 December	(34 283)	(1 713)	(8 388)	(44 384)
NET BOOK VALUE	221 469	1 925	12 189	235 584

2019

(in CHF 1 000)	Buildings	Plant and machinery	Other	Total
COST				
At 1 January	0	0	0	0
Initial application of IFRS 16	180 805	1 420	9 640	191 864
Change in consolidation scope (Note 2.1)	11 142	1 440	785	13 367
Additions	98 801	1 481	7 019	107 301
Disposals	(33 902)	0	(1 326)	(35 229)
Currency translation adjustments	(4 222)	(94)	(349)	(4 665)
At 31 December	252 623	4 247	15 768	272 638
ACCUMULATED DEPRECIATION				
At 1 January	0	0	0	0
Depreciation charge (Note 4.5)	(17 742)	(885)	(5 384)	(24 012)
Disposals	698	0	861	1 559
Currency translation adjustments	289	19	91	399
At 31 December	(16 756)	(866)	(4 433)	(22 054)
NET BOOK VALUE	235 868	3 381	11 335	250 584

Besides the lease contracts recognized as right-of-use assets, the Group has entered into lease contracts with terms of 12 months or less and leases of low value. In 2020 the Group recognized expenses of CHF 3.1 million related to short-term leases (2019: CHF 5.8 million) and CHF 1.9 million related to low value leases (2019: CHF 1.9 million).

The Group recognized a total cash outflow for leases of CHF 31.5 million in 2020 (2019: CHF 29.5 million). The maturity analysis of lease liabilities is disclosed in Note 9.2.

4.3 INTANGIBLE ASSETS

2020

(in CHF 1 000)	Goodwill	Brands	Customer & distribution relation- ships	Technology	Other intangibles	Total
COST						
At 1 January	599 224	124 073	169 439	78 570	111 366	1 082 672
Change in consolidation scope - additions (Note 2.1)	86 884	39 091	17 040	0	5	143 019
Additions	0	0	361	1 342	9 524	11 227
Disposals	0	0	0	0	(2 669)	(2 669)
Currency translation adjustments	(51 637)	(17 002)	(13 081)	(4 365)	(4 635)	(90 720)
At 31 December	634 471	146 161	173 759	75 547	113 591	1 143 529
ACCUMULATED AMORTIZATION AND IMPAIRMENT						
At 1 January	(114 596)	(1 460)	(120 109)	(29 551)	(74 116)	(339 831)
Amortization charge (Note 4.5)		(200)	(7 371)	(5 008)	(15 137)	(27 716)
Impairment (Note 4.5)	(97 547)	(8 615)	(12 314)	(25 950)	0	(144 426)
Disposals					2 669	2 669
Currency translation adjustments	1 930	154	11 128	1 282	1 567	16 061
At 31 December	(210 213)	(10 120)	(128 666)	(59 227)	(85 018)	(493 243)
NET BOOK VALUE	424 258	136 041	45 093	16 320	28 573	650 285

2019

(in CHF 1 000)	Goodwill	Brands	Customer & distribution relation- ships	Technology	Other intangibles	Total
COST						
At 1 January	536 010	110 764	162 671	66 483	100 854	976 781
Change in consolidation scope - additions (Note 2.1)	82 552	16 997	9 769	10 502	1 449	121 270
Additions	0	0	468	986	13 837	15 291
Disposals	0	0	0	0	(4 100)	(4 100)
Currency translation adjustments	(19 338)	(3 689)	(3 470)	600	(673)	(26 570)
At 31 December	599 224	124 073	169 439	78 570	111 366	1 082 672
ACCUMULATED AMORTIZATION AND IMPAIRMENT						
At 1 January	(118 724)	(1 329)	(112 202)	(23 295)	(68 789)	(324 339)
Amortization charge (Note 4.5)	0	(139)	(10 827)	(6 195)	(9 880)	(27 041)
Disposals	0	0	0	0	4 088	4 088
Currency translation adjustments	4 128	8	2 920	(60)	465	7 461
At 31 December	(114 596)	(1 460)	(120 109)	(29 551)	(74 116)	(339 831)
NET BOOK VALUE	484 628	122 613	49 330	49 019	37 251	742 841

Management assessed that the acquired brands DrSmile, Neodent, Medentika, ClearCorrect and Anthogyr have an indefinite useful life. The Group supports the brands' values through the internationalization of their commercial usage. Other intangibles include mainly software, development costs and distribution rights.

4.4 IMPAIRMENT TEST FOR NON FINANCIAL ASSETS

ANNUAL IMPAIRMENT TEST FOR GOODWILL AND INDEFINITE LIFE INTANGIBLE ASSETS

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

(in CHF 1 000)	2020		2019	
	Goodwill	Brand with indefinite life	Goodwill	Brand with indefinite life
ClearCorrect Business	97 256	30 120	107 216	33 097
DrSmile	83 579	38 312		
Neodent Business	66 489	31 934	94 405	45 342
Global Premium Implant Business	62 824	0	65 585	0
Medentika Business	42 232	19 104	42 314	19 141
Anthogyr Business	24 929	13 037	24 109	13 062
Dental Wings Business	0	0	55 769	4 438
Other	46 949	0	95 230	2 694
TOTAL	424 258	132 507	484 628	117 774

Except for the 'Dental Wings Business' and other smaller CGU's disclosed as 'Other', the Group has not recognized any impairment or impairment reversal in 2020 or 2019.

CLEARCORRECT BUSINESS

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

DRSMILE BUSINESS

The CGU DrSmile Business (which is part of the operating segment Sales Europe) contains the orthodontics business of DrSmile in the European market. The goodwill and the DrSmile brand have been recognized as part of the acquisition of DrSmile in 2020.

NEODENT BUSINESS

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

GLOBAL PREMIUM IMPLANT BUSINESS

The CGU Global Premium Implant Business (which is part of the operating segment Operations) is the principal towards all distribution businesses of the Group for premium implant and restorative solutions and contains the goodwill allocated to the principal recognized in acquisitions of companies distributing such products on local markets.

MEDENTIKA BUSINESS

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

ANTHOGYR BUSINESS

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

DENTAL WINGS BUSINESS

The CGU Dental Wings Business (which is part of the operating segment Sales NAM) contains the manufacturing operations for Dental Wings products, the related sales activities with third party distributors and the export business towards the Group's distribution principal. Both the goodwill and the Dental Wings brand have been recognized as part of the acquisition of Dental Wings in 2017. The goodwill and the indefinite life brand have been fully impaired in April 2020, as disclosed in the section below.

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

Key assumptions for the most material CGUs are as follows:

(in %)	2020	2019
CLEARCORRECT BUSINESS		
Gross profit margin of the CGU ¹	65.6	66.3
Terminal growth rate ²	1.5	1.5
Weighted average cost of capital (WACC) ³	13.6	13.2
DRSMILE BUSINESS		
Gross profit margin of the CGU ¹	78.0	
Terminal growth rate ²	0.9	
Weighted average cost of capital (WACC) ³	19.0	
NEODENT BUSINESS		
Gross profit margin of the CGU ¹	71.6	73.6
Terminal growth rate ²	4.5	4.5
Weighted average cost of capital (WACC) ³	15.1	14.7
GLOBAL PREMIUM IMPLANT BUSINESS		
Gross profit margin of the CGU ¹	65.1	72.2
Terminal growth rate ²	1.5	1.5
Weighted average cost of capital (WACC) ³	8.9	8.7
MEDENTIKA BUSINESS		
Gross profit margin of the CGU ¹	61.0	61.5
Terminal growth rate ²	1.5	1.5
Weighted average cost of capital (WACC) ³	10.2	11.4
ANTHOGYR BUSINESS		
Gross profit margin of the CGU ¹	51.8	83.0
Terminal growth rate ²	1.5	1.2
Weighted average cost of capital (WACC) ³	10.5	12.1
DENTAL WINGS BUSINESS		
Gross profit margin of the CGU ¹	–	64.7
Terminal growth rate ²	–	2.0
Weighted average cost of capital (WACC) ³	–	16.4

1 Budgeted gross profit margin.

2 Used for calculating the terminal value.

3 Pre-tax discount rate applied to the cash flow projections.

Gross profit margin was determined by Management based on past performance and its expectations for market development. The WACCs used are pre-tax and reflect specific risks relating to the relevant CGUs.

The Group believes that no changes in key assumptions which can rationally be expected would cause the carrying amount of any CGU to exceed its recoverable amount.

2020 IMPAIRMENTS

Based on the expected economic consequences of the COVID-19 pandemic, the Group conducted a risk assessment for each cash-generating unit (CGU) to identify whether the pandemic may trigger impairment testing. The analysis concluded that a number of CGUs had to be tested for impairment and consequentially the Group conducted value-in-use calculations on 30 April 2020. In the CGUs disclosed below, the carrying amount exceeded the recoverable amount. As a result, the Group recognized impairment charges totaling CHF 150.0 million.

A summary of the impairment charges by CGU and Asset is presented below:

(in CHF 1 000)	Asset	Cost of goods sold	Distribution expense	Administrative expense	Total
Dental Wings Business	Goodwill			52 591	52 591
	Customer relationships		2 144		2 144
	Technology			24 731	24 731
	Brand			4 185	4 185
	Total		2 144	81 507	83 651
Other – Implant Business India	Goodwill			13 731	13 731
	Customer relationships		2 662		2 662
	Brand			867	867
	Property, plant and equipment	1 268			1 268
	Total	1 268	2 662	14 598	18 528
Other – Creotech	Goodwill			9 287	9 287
	Technology			1 219	1 219
	Brand			2 623	2 623
	Total			13 129	13 129
Other – Implant Business Iberia	Goodwill			5 811	5 811
	Customer relationships		2 694		2 694
	Total		2 694	5 811	8 505

(in CHF 1 000)	Asset	Cost of goods sold	Distribution expense	Administrative expense	Total
Other – various CGU's	Goodwill			16 128	16 128
	Customer relationships		4 815		4 815
	Brand			939	939
	Property, plant and equipment	4 281			4 281
	Total	4 281	4 815	17 066	26 162
Total	Goodwill			97 547	97 547
	Customer relationships		12 314		12 314
	Technology			25 950	25 950
	Brand			8 615	8 615
	Property, plant and equipment	5 549			5 549
TOTAL		5 549	12 314	132 112	149 975

With the exception of the CGU Implant Business India the impairment charges are mainly caused by a material downward reassessment of the market growth perspectives over the coming two to five years as a consequence of reduced consumer confidence and hampered economic development as a result of the COVID-19 pandemic. The impairment recognized on the Implant Business India CGU is due to the discontinuation of the Equinox sales and manufacturing activities and a reduced sales growth rate forecast for the remaining product brands.

ASSUMPTIONS FOR VALUE-IN-USE CALCULATIONS

The key assumptions used for the value in use calculations are as follows:

(in %)	Apr 2020
DENTAL WINGS BUSINESS	
Gross profit margin of the CGU ¹	57.1
Terminal growth rate ²	2.0
Weighted average cost of capital (WACC) ³	16.0
OTHER - IMPLANT BUSINESS INDIA	
Gross profit margin of the CGU ¹	32.0
Terminal growth rate ²	3.8
Weighted average cost of capital (WACC) ³	17.6

(in %)	Apr 2020
OTHER - CREATECH	
Gross profit margin of the CGU ¹	31.1
Terminal growth rate ²	2.0
Weighted average cost of capital (WACC) ³	12.6

OTHER - IMPLANT BUSINESS IBERIA

Gross profit margin of the CGU ¹	70.0
Terminal growth rate ²	2.0
Weighted average cost of capital (WACC) ³	16.2

- 1 Budgeted gross profit margin.
- 2 Used for calculating the terminal value.
- 3 Pre-tax discount rate applied to the cash flow projections.

4.5 DEPRECIATION AND AMORTIZATION

(in CHF 1 000)	2020	2019
Depreciation of property, plant and equipment	(44 511)	(42 445)
Depreciation of right-of-use assets	(27 240)	(24 012)
Amortization of intangible assets	(27 716)	(27 041)
Impairment of property, plant and equipment	(5 549)	0
Impairment of intangible assets	(144 426)	0
TOTAL DEPRECIATION AND AMORTIZATION	(249 442)	(93 498)

5 NET WORKING CAPITAL

5.1 INVENTORIES

(in CHF 1 000)	2020	2019
Raw materials and supplies	38 107	38 540
Work in progress	57 515	53 151
Finished goods	120 947	142 862
TOTAL INVENTORIES	216 570	234 553
Inventories recognized as an expense in Cost of goods sold	(317 172)	(338 015)
Obsolete inventories written down and recognized as an expense	(5 146)	(6 571)

The Group performed an analysis of its product lines to investigate whether the average price at which they were sold was below the current consolidated stock value. In both periods under review, no write-down to the net realizable value had to be conducted. No reversal of the net realizable value write-down emerged in 2020 and 2019.

5.2 TRADE AND OTHER RECEIVABLES

(in CHF 1 000)	2020	2019
Trade receivables, net	236 027	281 210
Other receivables, thereof:	58 523	97 116
Sales related	26 644	33 739
VAT and other non-income taxes	25 442	48 377
Cash deposits	2 098	3 181
Prepaid rent	1 257	963
Right of return asset	1 001	662
Salary and social security prepayments	752	3 398
Government grants	619	660
Insurance receivable	496	2 485
Interest	59	1 386
Other	156	2 264
TOTAL TRADE AND OTHER RECEIVABLES	294 550	378 325
thereof: Other financial assets as defined by IFRS 7	29 297	40 791
thereof:		
CHF	12 127	19 031
EUR	83 385	92 431
USD	57 306	83 213
BRL	36 052	49 229
CNY	28 257	48 722
TRY	26 047	20 427
CAD	6 054	10 056
GBP	7 729	9 707
JPY	6 042	8 584
Other	31 551	36 924

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

The insurance receivables in 2020 and 2019 relate to the fire incident in Dental Wings production site in Montreal, Canada.

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

(in CHF 1 000)	2020	2019
At 1 January	(24 286)	(35 489)
Charge for the year	(14 833)	(3 684)
Utilized	3 700	970
Unused amounts reversed	807	13 477
Currency translation adjustments	1 616	439
AT 31 DECEMBER	(32 996)	(24 286)

The charge for the year in 2020 is mainly related to increased default risks due to the current market conditions as well as the business expansion. The Group continuously reassesses its provision for impairment which led to a partial reversal of the provision in 2019.

There is no provision on other receivables.

The analysis of overdue trade receivables is as follows:

(in CHF 1 000)	2020		2019	
	Gross	Allowance	Gross	Allowance
Not past due	196 033	(1 475)	234 562	(752)
Past due, thereof:	72 990	(31 520)	70 934	(23 534)
< 30 days	19 339	(158)	25 158	(614)
31 – 60 days	8 267	(419)	11 582	(871)
61 – 90 days	6 252	(1 069)	6 170	(971)
91 – 120 days	5 129	(1 946)	6 343	(2 282)
> 120 days	34 003	(27 928)	21 680	(18 796)
TOTAL	269 023	(32 996)	305 496	(24 286)

5.3 CASH AND CASH EQUIVALENTS

(in CHF 1 000)	2020	2019
Cash at banks and on hand, thereof:	508 713	249 673
CHF	359 418	173 478
EUR	69 977	17 604
USD	25 004	27 928
CNY	20 325	5 798
JPY	5 625	2 982
CAD	2 002	2 834
SEK	4 687	1 786
RUB	1 960	959
SGD	1 188	2 422
INR	231	2 141
Other	18 296	11 741
Short-term bank deposits, thereof:	123 488	10 539
CHF	60 000	0
BRL	18 578	6 095
USD	39 775	127
TRY	2 717	2 430
GBP	1 423	1 161
Other	995	727
TOTAL CASH AND CASH EQUIVALENTS	632 201	260 211

Cash at banks earns interest at floating rates based on daily bank deposit rates in the respective currency.

5.4 TRADE AND OTHER PAYABLES

(in CHF 1 000)	2020	2019
Trade payables	49 919	63 207
Other payables, thereof:	267 672	245 555
Salary and social security	82 573	95 173
Sales related	93 744	79 243
VAT and other non-income taxes	21 297	39 145
Refund liability	17 987	13 047
Contingent consideration	44 365	12 418
Interest accrued on straight bond (Note 7.2)	987	2 180
Rent payable	314	280
Other	6 405	4 070
TOTAL TRADE AND OTHER PAYABLES	317 591	308 762
thereof: other financial liabilities as defined by IFRS 7	139 410	94 121

In 2020, the contingent consideration mainly relates to DrSmile business combination (CHF 22.0 million) and Batigroup business combination (CHF 9.1 million). In 2019 the contingent consideration mainly related to Batigroup business combination (CHF 7.4 million).

6 PROVISIONS, OTHER NON-CURRENT LIABILITIES, CONTINGENCIES AND COMMITMENTS**6.1 PROVISIONS**

(in CHF 1 000)	Sales-related	Legal	Other	Total 2020	Total 2019
At 1 January	3 540	4 901	2 530	10 971	12 593
Change in consolidation scope	0	0	0	0	3 716
Utilization	(34)	(22)	(101)	(157)	(5 247)
Reversal	(821)	(458)	(1 616)	(2 895)	(1 016)
Additions	160	8 116	357	8 633	1 065
Currency translation adjustments	(205)	(808)	(68)	(1 081)	(140)
At 31 December	2 640	11 729	1 102	15 471	10 971
Non-current 2020	2 612	11 729	1 095	15 436	
Current 2020	28	0	7	35	
TOTAL PROVISIONS 2020	2 640	11 729	1 102	15 471	
Non-current 2019	3 540	4 901	2 523		10 964
Current 2019	0	0	7		7
TOTAL PROVISIONS 2019	3 540	4 901	2 530		10 971

The position sales-related contains provisions for product warranties and similar items based on contractual arrangements.

Legal provisions have been set up to cover legal and administrative proceedings that arise in the ordinary course of the business in a number of jurisdictions. By their nature, the amounts and timings of any outflows are difficult to predict. As part of the regular review of litigation matters, management has reassessed the provisions recorded for certain litigation matters. Based on the development of the various litigations, there was a net increase in legal provisions of CHF 7.7 million.

Other provisions include disputes and uncertainties on non-income taxes (mainly VAT and sales taxes).

6.2 OTHER NON-CURRENT LIABILITIES

(in CHF 1 000)	2020	2019
Contingent consideration	72 793	36 770
Other long-term employee benefits	9 303	7 717
Rent payable	2 520	1 929
Non-income taxes	1 603	245
Other	530	408
Government grants	236	576
TOTAL OTHER LIABILITIES	86 986	47 645
thereof: other financial liabilities as defined by IFRS 7	75 313	38 699

In 2020, the majority of contingent consideration liability relates to the DrSmile business combination (CHF 55.5 million). In 2019 the contingent consideration mainly related to Batigroup (CHF 7.2 million) and Bay Materials (CHF 7.1 million) business combinations.

6.3 CONTINGENCIES AND COMMITMENTS**CONTINGENT ASSETS AND LIABILITIES**

The Group has guarantee obligations with a maximum of CHF 5.4 million (2019: CHF 5.4 million). Some Group companies are involved in litigations arising from the normal course of their business and might be liable to pay compensations. The costs relating to these lawsuits may not be partially or fully covered by insurance. However, it is the view of the management that the outcome of such litigations will not significantly affect the Group's financial position over and above the provisions already recognized in the statement of financial position. The decrease in purchase commitments relates to the progress made in Group's expansion projects in various plants.

CONTINGENT LIABILITIES

(in CHF 1 000)	2020	2019
Letter of credit facilities	5 379	5 394
Purchase commitments	1 214	2 449
TOTAL	6 593	7 843

7 FINANCING, CAPITAL AND TAX**7.1 FINANCIAL ASSETS**

(in CHF 1 000)	2020	2019
Loans and other receivables	9 125	21 703
Financial assets at fair value through other comprehensive income	10 866	9 725
Financial assets at fair value through profit or loss	7 013	351
TOTAL NON-CURRENT FINANCIAL ASSETS	27 004	31 779
Financial assets at fair value through profit or loss	289	1 578
Loans and other receivables	16	15
TOTAL CURRENT FINANCIAL ASSETS	305	1 593

LOANS AND OTHER RECEIVABLES

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

FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

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

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

This category mainly includes a convertible bond from a non-listed US consumer health company in the dental sector. Furthermore the category includes derivative financial instruments used by the Group to hedge its foreign currency risk.

7.2 FINANCIAL LIABILITIES

(in CHF 1 000)	2020	2019
Straight bonds	479 726	0
Lease liabilities	216 387	231 642
Put options to non-controlling interests	26 601	26 674
Financial liabilities at amortized costs	7 909	12 449
TOTAL NON-CURRENT FINANCIAL LIABILITIES	730 622	270 764
Lease liabilities	25 840	23 879
Financial liabilities at amortized costs	952	664
Financial liabilities at fair value through profit or loss	749	202
Straight bonds	94	199 980
TOTAL CURRENT FINANCIAL LIABILITIES	27 635	224 725

Movements in liabilities arising from financing activities are as follows:

(in CHF 1 000)	2020	2019
At 1 January	495 489	261 883
Increase in non-current financial debt	479 031	0
Repayment of current financial debts	(200 057)	0
Payment of lease liabilities	(24 920)	(22 905)
Change in consolidation scope	17 521	25 357
Change in lease liabilities	16 620	273 659
Other changes	(8 352)	(397)
Currency translation adjustments	(7 191)	(6 239)
Interest paid on lease liabilities	(6 626)	(6 612)
Repayment in non-current financial debts	(3 934)	(2 755)
Change in fair values	676	20 863
Purchase of non-controlling interests	0	(47 365)
AT 31 DECEMBER	758 257	495 489

The change in consolidation scope in 2020 mainly relates to the business combination of DrSmile (Note 2.1) and in 2019 mainly to the business combination Anthogyr.

STRAIGHT BONDS

On 30 April 2020 the Group repaid its CHF-denominated domestic straight bond of CHF 200 million which was issued in April 2013.

The Group placed a CHF-denominated domestic straight bond issue for an aggregate amount of CHF 280 million with issue date 3 April 2020 and interest rate of 1.00% p.a., payable annually in arrears on 3 October. The bond is due for repayment on 3 October 2023.

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

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

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

(in CHF 1 000)	2020	2019
Straight bond at 1 January	199 980	199 862
Repayment	(200 000)	0
Placement	479 726	0
Interest expense	3 851	3 388
Redemption (Coupon)	(3 736)	(3 270)
thereof:		
Recognized in trade and other payables (Note 5.4)	(987)	(2 180)
Disbursement	(2 749)	(1 090)
STRAIGHT BONDS AT 31 DECEMBER	479 819	199 980

7.3 FINANCIAL INSTRUMENTS**FAIR VALUES**

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

The fair value of equity instruments quoted in an active market is based on price quotations at the period-end date. For 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 Valoc AG and Abutment Direct Inc in 2019 and Medentika in 2017.

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 relate to a fund that is dedicated exclusively to investments in dental-related opportunities in China. As the market for this investment is not active or no market is available, fair value is determined based on the valuation techniques the fund uses to calculate its net asset value.

The convertible bond allocated to Level 3 hierarchy relates to a non-listed US consumer health company in the dental sector. The convertible consists of a fixed-interest bond with an embedded American exchange option on shares of the issuer. The fair value of the bond is determined using a discounted cash flow method and the fair value of the option is determined by using a modified binomial model for American call options.

Other financial liabilities allocated to Level 3 hierarchy mainly include the contingent considerations in relation to the business combinations of DrSmile in Germany, Batigroup and Zinedent in Turkey, Bay Materials in the US and Digital Planning Service Private Limited in Pakistan. The fair value of the contingent consideration of DrSmile is based on revenue targets. The fair value of Batigroup and Zinedent contingent considerations is based on a profitability component (local contribution) while 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 which have a significant effect on the recorded fair value are observable, either directly or indirectly
- Level 3: Techniques which predominantly use input data which are not based on observable market data.

At 31 December 2020 and 2019 the Group held the following financial instruments:

2020

(in CHF 1 000)	Carrying amount (by measurement basis)					Fair Value
	Amortized cost	Level 1	Level 2	Level 3	Total carrying amount	
FINANCIAL ASSETS						
Derivative financial assets			289		289	
Equity instruments		6 642		5 074	11 716	
Convertible bonds				6 163	6 163	
Loans and other financial receivables	9 141				9 141	
Other financial assets	29 297				29 297	
Trade receivables	236 027				236 027	
Cash and cash equivalents	632 201				632 201	
FINANCIAL LIABILITIES						
Straight bonds	479 819				479 819	491 178
Derivative financial liabilities			749		749	
Put options to non-controlling interests				26 601	26 601	
Lease liabilities	242 226				242 226	
Other financial liabilities	8 860				8 860	
Trade payables	49 919				49 919	
Other financial liabilities	97 564			117 158	214 722	

2019

(in CHF 1 000)	Carrying amount (by measurement basis)					Fair Value
	Amortized cost	Level 1	Level 2	Level 3	Total carrying amount	
FINANCIAL ASSETS						
Derivative financial assets			1 137		1 137	
Equity instruments		5 403		4 762	10 165	
Convertible bonds				351	351	
Loans and other financial receivables	21 718				21 718	
Other financial assets	40 791				40 791	
Trade receivables	281 210				281 210	
Cash and cash equivalents	260 211				260 211	
FINANCIAL LIABILITIES						
Straight bond	199 980				199 980	201 430
Derivative financial liabilities			202		202	
Put options to non-controlling interests				26 674	26 674	
Lease liabilities	255 521				255 521	
Other financial liabilities	13 113				13 113	
Trade payables	63 207				63 207	
Other financial liabilities	83 632			49 188	132 820	

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

(in CHF 1 000)	2020		2019	
	Financial assets	Financial liabilities	Financial assets	Financial liabilities
At 1 January	5 113	75 862	7 135	80 724
Additions	5 488	79 363	0	43 926
Settlements	(363)	(12 554)	(160)	(55 780)
Remeasurement recognized in profit or loss	323	3 127	0	(579)
Remeasurement recognized in OCI	675	(1 965)	(1 862)	(780)
Remeasurement recognized in equity	0	(74)	0	8 351
AT 31 DECEMBER	11 237	143 759	5 113	75 862

In 2020, the additions to Level 3 financial liabilities relate to contingent consideration payables (business combinations DrSmile and Artis Bio Tech). In 2019, the additions to Level 3 financial liabilities related to contingent consideration payables (mainly business combinations Bay Materials and Digital Planning Service Private Limited) and put options written to noncontrolling interests (mainly business combinations Valoc AG and Abutment Direct Inc).

Settlements in Level 3 financial liabilities in 2020 mainly relate contingent consideration payments in conjunction with the Batigroup business combination (CHF 8.3 million).

In 2019, settlements mainly related to the purchase of non-controlling interests from the minority shareholders of Medentika (CHF 47.4 million) as well as contingent consideration payments in conjunction with the Batigroup business combination (CHF 6.8 million).

In 2020 and 2019, there were no transfers between Level 1 and Level 2 fair value measurements and no transfers into or out of Level 3 fair value measurements.

The significant unobservable inputs for material financial instruments within Level 3 of the fair value hierarchy and their quantitative sensitivity analysis at 31 December 2020 are as follows:

Instrument	Valuation technique	Significant unobservable input	Range	Sensitivity of the input to fair value
Put options to non-controlling interests of Medentika	PV of the estimated redemption value by the Group in the event of full exercise	Enterprise value (based on EBITDA multiple)	Floor: CHF 8.6 million Cap: CHF 14.3 million	1 000 base-point decrease in enterprise value would result in a decrease in fair value of kCHF –1 433 (2019: kCHF 1 422)
Contingent Consideration DrSmile	PV of the estimated redemption value	Revenue	–	500 base-point increase (decrease) in revenue would result in an increase (decrease) in fair value of kCHF 3 607, resp. kCHF –3 607
		Interest rate	–	100 base-point increase (decrease) in the interest rate would result in a decrease (increase) in fair value of kCHF –1 360, resp. kCHF 1 404
Contingent Consideration Batigroup	DCF method	Local contribution	–	500 base-point increase (decrease) in the local contribution would result in an increase (decrease) in fair value of kCHF 514 (2019: kCHF 431), resp. kCHF –514 (2019: kCHF –394)
		Interest rate	–	500 base-point increase (decrease) in the interest rate would result in a decrease (increase) in fair value of kCHF –94, resp. kCHF 99

Depending on the development of Medentika's EBITDA, the fair value of the put options to non-controlling interests are expected to range between CHF 8.6 million and CHF 14.3 million. As of 31 December 2020, the Group assesses that it is highly probable that Medentika will achieve the higher target due to expansion and the realization of synergies in the future. The fair value of the put options to non-controlling interests determined on 31 December 2020 reflects this development and is recorded at CHF 14.3 million (31 December 2019: 14.2 million).

The fair value of the contingent consideration for DrSmile depends on the expected revenue achieved and the interest rate prevailing at the balance sheet date. As of 31 December 2020, 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 31 December 2020 reflects this development and the fair value is recorded at CHF 77.5 million.

The fair value of the contingent consideration for Batigroup depends on the expected local contribution achievement and the interest rate prevailing at the balance sheet date. As of 31 December 2020, the Group assesses that it is highly probable that Batigroup will achieve the targets due to expansion and the realization of synergies in the future. The fair value of the contingent consideration determined on 31 December 2020 reflects this development and the fair value is recorded at CHF 9.0 million (31 December 2019: 14.4 million).

The Group did not perform any quantitative sensitivity analysis at 31 December 2020 for the remaining individually immaterial instruments categorized within Level 3 of the fair value hierarchy.

HEDGES

At 31 December 2020, the group had forward exchange contracts for CHF 30.9 million (2019: CHF 31.7 million) and NDF contracts for CHF 1.3 million (2019: CHF 0.4 million).

7.4 FINANCE INCOME AND EXPENSE

(in CHF 1 000)	2020	2019
FINANCE INCOME	75 033	64 873
Interest income	1 460	2 568
from financial instruments at amortized cost	1 460	2 568
Fair value and other financial income	6 948	2 166
Foreign exchange gains	66 624	60 140
FINANCE EXPENSE	(116 078)	(89 475)
Interest expense	(15 626)	(17 621)
from financial instruments at amortized cost	(8 863)	(10 588)
on defined benefit obligation (net)	(137)	(421)
from lease liabilities	(6 626)	(6 612)
Fair value and other financial expense	(22 268)	(1 089)
Financial impairment expense	(10 599)	0
Foreign exchange losses	(78 185)	(70 765)
GAIN ON CONSOLIDATION OF FORMER ASSOCIATES	0	5 967
Fair value income	0	6 108
Foreign exchange losses	0	(141)
TOTAL FINANCE EXPENSE NET	(41 046)	(18 635)

In 2020, financial impairment expense includes expense in the amount of CHF 10.1 million relating to the revaluation of a loan granted to an associate. The Group expects a deterioration of future cashflows compared to the associates' business plan at the grant date of the loan (2019: CHF nil).

In 2019, the gain on consolidation of former associates relates to the business combinations of Valoc AG (CHF 3.6 million), Zinedent (CHF 1.4 million), Anthogyr (CHF 0.6 million) and Abutment Direct Inc. (CHF 0.4 million). In 2020 there is no gain on consolidation of former associates.

7.5 SHARE CAPITAL

The share capital is represented by 15 906 824 issued shares (2019: 15 878 984) of CHF 0.10 par value, fully paid in. On 21 April 2020, conditional share capital was exercised to increase the share capital of Straumann Holding AG by 27 840 shares (or CHF 2 784 nominal value). The shares were used to serve vested performance share units as part of the share-based payment program 2017 – 2020. The fair value at vesting amounted to CHF 761.11 per share.

The conditional share capital was approved for an unlimited period at an extraordinary Annual General Meeting in 1998 for use in equity participation plans for employees and management, and was increased in 2016. As of 31 December 2020 the conditional share capital amounted to CHF 25 611.50 (2019: CHF 28 395.50).

Treasury shares are valued at weighted average cost and have been deducted from equity. The fair value of the treasury shares at 31 December 2020 amounted to CHF 15.2 million (2019: CHF 12.8 million).

As of 31 December 2020 the number of outstanding shares amounted to 15 892 049 (2019: 15 865 482) and the number of treasury shares amounted to 14 775 (2019: 13 502).

The number of shares outstanding developed as follows:

	2020	2019
At 1 January	15 865 482	15 833 441
Performance share plan – PSU	27 840	0
Treasury shares		
Purchased	(5 665)	(5 744)
Used	4 392	37 785
AT 31 DECEMBER	15 892 049	15 865 482

7.6 DIVIDENDS PER SHARE

The dividend paid in 2020 was CHF 5.75 per share (2019: CHF 5.25 per share), resulting in a total payout of CHF 91.2 million in 2020 and CHF 83.1 million in 2019. A dividend for the year ended 31 December 2020 of CHF 5.75 per share, amounting to a total dividend of CHF 91.4 million, will be proposed at the Shareholders' General Meeting on 9 April 2021. These financial statements do not reflect this payable dividend.

7.7 INCOME TAX

INCOME TAX EXPENSE

(in CHF 1 000)	2020	2019
Income taxes from current period	(45 643)	(52 274)
Income taxes from other periods	1 153	(1 824)
Deferred	22 850	(3 342)
Total income tax expense	(21 640)	(57 440)
EFFECTIVE INCOME TAX RATE (IN %)	19.0	15.7

For 2020 the applicable Group tax rate is 3.7% (2019: 15.5%), which represents the weighted tax rate, calculated by multiplying the accounting profits (or losses) of each Group company by the respective statutory tax rate over the total pre-tax profit of the Group. This calculation is, however, distorted by the non-tax-deductible goodwill impairments in 2020. Adjusted for these effects, the applicable tax rate amounts to 14.4%.

The following elements explain the difference between the income tax expense at the applicable Group tax rate and the effective income tax expense:

(in CHF 1 000)	2020	2019
Profit before tax	113 907	365 469
Applicable Group tax rate	3.7 %	15.5 %
Income tax at the applicable Group tax rate	(4 179)	(56 811)
Non-tax-deductible expense	(27 110)	(6 499)
Non-taxable income	9 876	5 149
Changes in recognition of tax assets from losses or tax credits (and their expiry)	1 786	601
Utilization of previously unrecognized tax losses or tax credits to offset current taxes	1 906	(149)
Tax losses or tax credits from current year that are not recognized	(4 867)	(3 478)
Effect of changes in tax rates or imposition of new taxes	(322)	7 332
Current taxes from other periods	1 153	(1 824)
Other	117	(1 760)
EFFECTIVE INCOME TAX EXPENSE	(21 640)	(57 440)

AVAILABLE TAX LOSS CARRY-FORWARDS AND TAX CREDITS

(in CHF 1 000)	2020	2019
At 1 January	200 304	205 468
Adjustments of tax loss carry-forwards on opening balance	(2 448)	14 264
Tax losses and credits arising from current year	42 704	38 085
Tax losses and credits expired (not used) during current year	(6 978)	(2 660)
Tax losses and credits utilized against current year profits	(30 512)	(42 883)
Change in consolidation scope - disposals (Note 9.5)	(792)	0
Currency translation adjustments	(38 574)	(11 971)
AT 31 DECEMBER	163 704	200 304

Deferred income tax assets of CHF 40.4 million (2019: CHF 53.1 million) were recorded in respect of available tax loss carry-forwards and tax credits of CHF 123.5 million (2019: CHF 179.0 million). Deferred income tax assets for unused tax losses and tax credits are recognized to the extent that it is probable that future taxable profits will be available, against which the unused tax losses and tax credits can be utilized in the respective countries, or to the extent that the individual companies have sufficient taxable temporary differences.

In 2012, the Group acquired 49% of Neodent through a fully owned subsidiary and subsequently conducted a downstream merger into Neodent. This transaction has led to recognition of tax deductible goodwill and a capitalization of a deferred tax asset in Neodent's financial statements. In 2015, the Group obtained control over Neodent and started to consolidate Neodent in its financial statements. At 1 March 2015, the tax deductible goodwill amounted to CHF 124.9 million and the carrying amount of the respective deferred tax assets amounted to CHF 42.5 million. Effective as of 1 January 2016, Straumann Brasil Ltda has been merged into Neodent. As a result of the merger, Neodent will benefit from future tax savings and has consequently recognized a deferred tax asset of CHF 38.7 million in respect of the tax credit of CHF 113.7 million. At the balance sheet date, the remaining tax credit and deferred tax asset amounted to CHF 65.0 million (2019: CHF 110.9 million) and CHF 22.1 million (2019: CHF 37.7 million).

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

(in CHF 1 000)	2020	2019
Expiry in next business year (current year +1)	479	5 693
Expiry current year +2	1 270	420
Expiry current year +3	296	350
Expiry current year +4	871	40
Expiry current year +5 and later	37 300	14 837
UNUSED TAX LOSS CARRY-FORWARDS AT 31 DECEMBER	40 217	21 340

DEFERRED INCOME TAXES

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

2020

(in CHF 1 000)	PPE & Leasing	Intangible assets	Inventory valuation	Tax loss carry- forwards, tax credits	Other	Total
Net deferred tax balance at 1 January	(2 922)	(60 873)	22 814	53 088	10 999	23 106
Change in consolidation scope	0	(15 575)	–	–	25	(15 550)
(Charged)/credited to income statement	3 588	12 188	5 502	(475)	2 047	22 850
Credited to statement of comprehensive income	0	0	0	0	1 800	1 800
Charged to statement of changes in equity	0	0	0	0	(77)	(77)
Currency translation adjustments	444	7 961	(259)	(12 207)	(2 306)	(6 367)
NET DEFERRED TAX BALANCE AT 31 DECEMBER	1 110	(56 299)	28 057	40 407	12 487	25 762
Deferred tax assets at 31 December	45 228	1 349	32 052	40 407	20 126	139 162
Deferred tax assets after offset at 31 December						68 990
Deferred tax liabilities at 31 December	(44 118)	(57 648)	(3 996)	0	(7 639)	(113 400)
Deferred tax liabilities after offset at 31 December						(43 228)

2019

(in CHF 1 000)	PPE	Intangible assets	Inventory valuation	Tax loss carry- forwards, tax credits	Other	Total
Net deferred tax balance at 1 January	(8 189)	(48 690)	24 761	62 517	3 455	33 855
Change in consolidation scope	–	(8 063)	(479)	–	(597)	(9 139)
(Charged)/credited to income statement	5 087	(5 870)	(1 385)	(6 803)	5 630	(3 342)
Credited to statement of comprehensive income	0	0	0	0	(67)	(67)
Charged to statement of changes in equity	–	–	–	–	31	31
Currency translation adjustments	180	1 750	(83)	(2 625)	2 546	1 768
NET DEFERRED TAX BALANCE AT 31 DECEMBER	(2 922)	(60 873)	22 814	53 088	10 999	23 106
Deferred tax assets at 31 December	33 913	384	26 920	53 088	17 263	131 568
Deferred tax assets after offset at 31 December						59 993
Deferred tax liabilities at 31 December	(36 835)	(61 257)	(4 106)		(6 264)	(108 462)
Deferred tax liabilities after offset at 31 December						(36 887)

At 31 December 2020, there was no recognized deferred tax liability (2019: CHF nil) for taxes that would be payable on the unremitted earnings of certain of the Group's subsidiaries. The Group does not expect significant income tax liabilities from the distribution of retained earnings to the parent company.

8 PERSONNEL**8.1 EMPLOYEE BENEFITS EXPENSE**

(in CHF 1 000)	2020	2019
Wages and salaries	(468 497)	(500 749)
Share-based payments (Note 8.3)	(9 285)	(13 130)
Social security cost	(58 621)	(59 882)
Pension costs and other personnel expense	(40 679)	(46 602)
TOTAL EMPLOYEE BENEFIT EXPENSE	(577 082)	620 363

8.2 RETIREMENT BENEFIT OBLIGATIONS

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

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

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

MOVEMENTS OF NET LIABILITIES RECOGNIZED IN STATEMENT OF FINANCIAL POSITION

(in CHF 1 000)	2020	2019
Net liabilities at 1 January	(67 918)	(59 185)
Change in consolidation scope	0	(1 117)
Currency translation adjustments	26	154
Expense recognized in consolidated income statement	(10 388)	(12 779)
Employer contributions	12 241	11 002
Remeasurements	(7 286)	(5 993)
NET LIABILITIES AT 31 DECEMBER	(73 325)	(67 918)

BALANCE SHEET

(in CHF 1 000)	2020	2019
Fair value of plan assets	232 102	224 849
Present value of funded benefit obligations	(301 711)	(290 346)
Deficit in the plan	(69 609)	(65 497)
Present value of unfunded benefit obligations	(3 716)	(2 421)
TOTAL RETIREMENT BENEFIT OBLIGATIONS	(73 325)	(67 918)

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

(in CHF 1 000)	2020	2019
Current service cost	(15 208)	(12 072)
Interest expense on defined benefit obligation	(497)	(1 723)
Interest income on plan assets	360	1 302
Administration costs	(318)	(286)
Gains on curtailments, settlements and plan amendments	5 275	0
EXPENSE RECOGNIZED IN THE CONSOLIDATED INCOME STATEMENT	(10 388)	(12 779)

Plan amendment gains in 2020 are recorded mainly in respect of changes to the Swiss pension plan. The change represents the adoption of a lower conversion rate, which determines the annuity at the normal retirement age.

The defined benefit obligation of the Swiss pension plan amounts to CHF 300.2 million (2019: CHF 287.3 million), the plan assets are CHF 230.8 million (2019: CHF 223.7 million) and current service costs are CHF 14.4 million (2019: CHF 11.5 million).

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

(in CHF 1 000)	2020	2019
Present value of benefit obligation at 1 January	(292 767)	(251 164)
Change in consolidation scope	0	(1 175)
Current service cost	(15 208)	(12 072)
Interest expense on defined benefit obligation	(497)	(1 723)
Curtailments, settlements and plan amendments	5 275	0
Employee contributions	(7 213)	(6 706)
Experience losses on defined benefit obligation	(8 001)	(6 596)
Benefits paid/transferred in	14 809	5 756
Actuarial results arising from change in financial assumptions	(2 165)	(19 099)
Actuarial results arising from change in demographic assumptions	277	(200)
Currency translation adjustments	63	212
PRESENT VALUE OF BENEFIT OBLIGATION AT 31 DECEMBER	(305 427)	(292 767)
whereof due to active members	(261 930)	(251 019)
whereof due to pensioners	(43 497)	(41 748)

On 31 December 2020, the weighted-average duration of the defined benefit obligation was 14 years (2019: 14 years).

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

	2020		2019	
	Switzerland	Other	Switzerland	Other
Discount rate	0.10 %	0.33 %–3.02 %	0.15 %	0.62 %–1.91 %
Future salary increases	1.00 %	1.00 %–5.00 %	1.00 %	1.00 %–4.23 %

Generational mortality tables are used where this data is available. For the Swiss pension plan, the Group uses the BVG 2015 GT.

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

A quantitative sensitivity analysis for significant assumptions is shown below:

(in CHF 1 000)	2020		2019	
	Defined benefit obligation		Defined benefit obligation	
	Increase	Decrease	Increase	Decrease
Discount rate (0.25 % movement)	10 268	(13 620)	9 898	(12 299)
Future salary growth (0.25 % movement)	(1 484)	1 441	(1 515)	1 471

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

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

(in CHF 1 000)	2020	2019
Fair value of plan assets at 1 January	224 849	191 979
Change in consolidation scope	0	58
Interest income	360	1 302
Employer contributions	12 241	11 002
Employee contributions	7 213	6 706
Benefits paid/transferred in	(14 809)	(5 756)
Return on plan assets	2 603	19 902
Administration costs	(318)	(286)
Currency translation adjustments	(37)	(58)
FAIR VALUE OF PLAN ASSETS AT 31 DECEMBER	232 102	224 849

Plan assets are comprised as follows:

(in CHF 1 000)	2020		2019	
Cash and cash equivalents	6 693	2.9 %	6 510	2.9 %
Debt instruments	46 161	19.9 %	44 731	19.9 %
Equity instruments	63 932	27.5 %	61 952	27.6 %
Real estate	62 778	27.0 %	60 834	27.1 %
Other	52 538	22.5 %	50 822	22.5 %
TOTAL PLAN ASSETS	232 102	100.0 %	224 849	100.0 %

Cash and cash equivalents, as well the largest part of the debt, equity instruments and other (mainly consisting of insurance-linked securities and investments in an infrastructure fund) have a quoted market price and are tradeable in liquid markets. 16% of the real estate investments have a quoted market price, while the rest is mainly invested in common investment foundations.

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

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

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

The expected amount of contribution to post-employment benefit plans for 2021 is CHF 12.1 million.

Apart from the defined benefit plans, the Group also operates several defined contribution plans which receive fixed contributions from Group companies. The Group's legal or constructive obligation for these plans is limited to the contributions. The expense recognized in the current period in relation to these contributions was CHF 8.2 million (2019: CHF 8.1 million).

8.3 SHARE-BASED PAYMENTS

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

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

LONG-TERM INCENTIVE (LTI)

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

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

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

Regarding the aTSR component, the conversion rate of PSUs into shares is linear and ranges from 0 to 100%. If the TSR CAGR is 0% or below, the conversion rate is zero. If the CAGR is 7%, each PSU converts into half a share, while a CAGR of 14% or more results in a conversion of one share per PSU. In the case of rTSR, the conversion rate is also linear and ranges from 0% to 100%. No shares are allocated if the Group underperforms the SMIM by 25%-points or more. Each PSU converts into one share if the Group outperforms the SMIM by 25%-points or more. Performance in-line with the SMIM results in each PSU converting into half a share.

From 2016 to 2018 (vesting in 2019 to 2021), the LTI was determined by aTSR and EBIT Growth Amount (EGA) measured over a three-year performance cycle and equally weighted. The vesting conditions for those grants remain unchanged.

BOARD OF DIRECTORS REMUNERATION

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

EMPLOYEE SHARE PLAN

Due to the impact of the COVID-19 pandemic, the ESPP was suspended for 2020. Consequently, no shares have been purchased under this program during the reporting period (2019: 8 951). In 2019, eligible employees in Switzerland have been able to purchase Straumann shares up to a maximum of 25% or 35% of their annual base salary at a discount of 25% or 35%, respectively, depending on hierarchical level and respective LTI eligibility. The grant value is based on the average share price over the seven-trading-day period following the ex-dividend day. The shares are blocked for two years.

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

(in CHF 1 000)	2020	2019
Long-term incentive (LTI)	8 582	10 540
Board of Directors remuneration	703	979
Employee share participation plan (ESPP)	0	1 611
TOTAL SHARE-BASED PAYMENTS (NOTE 8.1)	9 285	13 130

There were no cancellations or modifications to the PSU awards in 2020 or 2019.

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

RECONCILIATION OF OUTSTANDING PERFORMANCE SHARE UNITS

	2020	2019
At 1 January	34 771	40 833
Granted	12 198	11 062
Exercised	(14 297)	(14 024)
Forfeited	(2 818)	(3 100)
TOTAL AT 31 DECEMBER	29 854	34 771
Exercisable at 31 December	0	0

In 2020, 12 198 PSUs were granted under the LTI (2019: 11 062). The total fair value has been determined using a Monte Carlo simulation algorithm and amounts to CHF 786.65 (2019: CHF 752.74).

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

INPUTS TO THE MODELS

	2020	2019
	PSU	PSU
Dividend yield (in %)	0.00	0.00
Expected volatility (in %)	27.82	23.16
Risk-free interest rate (in %)	(0.64)	(0.54)
Expected life of PSUs (in years)	3	3
Share price (in CHF) at grant date in April	778.40	836.80
Fair value (in CHF)	786.65	752.74

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

8.4 GLOBAL RESTRUCTURING

In the light of the impact of the COVID-19 pandemic on its markets and economy the Group has aligned the costs with current and projected lower revenues. As personnel accounts for the largest item of its operating costs, the Group introduced a plan to reduce its global workforce by approximately 660 employees in the current year. The reduction took place across all countries and functions. The total non-recurring restructuring costs in 2020 amounted to CHF 17.9 million, recognized as personnel expense.

9 OTHER DISCLOSURES

9.1 EVENTS AFTER THE BALANCE SHEET DATE

There were no significant events after the balance sheet date.

9.2 FINANCIAL RISK MANAGEMENT

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

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

MARKET RISK

Market risk refers to the risk that the fair value of future cash flows of financial assets and liabilities will fluctuate because of external changes in the markets involved. This systemic risk mainly affects the Group's interest rate risk, foreign currency risk, credit risk and liquidity risk.

The subsequent sections provide insights into the management of the various risks, including major exposures and their potential effects on the Group's profitability. Such financial impacts are demonstrated in sensitivity analyses, which relate to the Group's net financial positions at 31 December 2020 and 2019. Excluded from the sensitivity calculations are changes in the carrying value of post-retirement obligations, provisions, non-financial assets and liabilities of foreign operations.

INTEREST RATE RISK

Interest rate risk refers to the risk that the fair value of future cash flows of financial assets and liabilities will fluctuate because of changes in market interest rates. The Group's exposure to this risk arises primarily from short-term interest-bearing assets and short-term debt obligations.

The Group is primarily exposed to interest rate risks in the Swiss and US market.

The Group's policy is to closely monitor interest rate risks and manage them using variable and fixed rates or financial derivatives. No material hedging activities, such as interest rate swaps, were conducted during the period under review.

INTEREST RATE RISK SENSITIVITY

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

(in CHF 1 000)	2020		2019	
	Increase/decrease (in base points)	Effect on profit before tax	Increase/decrease (in base points)	Effect on profit before tax
CURRENCY				
CHF	30	1 244	30	511
USD	50	318	50	136
CHF	(30)	(1 244)	(30)	(511)
USD	(50)	(318)	(50)	(136)

FOREIGN CURRENCY RISK

Foreign exchange risk arises when future transactions or recognized assets or liabilities are denominated in a currency other than the entity's functional one. As the majority of the Group's business is international and since the Group's financial statements are prepared in Swiss francs, fluctuations in exchange rates affect both the Group's operating results and the reported values of the assets and liabilities. The Group is primarily exposed to the euro, the US dollar, the Brazilian real, the Chinese renminbi and the Japanese yen.

Besides the general attempt to naturally reduce currency exposures, the Group's foreign currency risk management policy aims to concentrate exposures centrally and subsequently manage them through a selective hedging approach. Managed exposures comprise recognized and anticipated transactions over a maximum of 12 months. The Group uses derivative instruments, primarily forward currency contracts, non-deliverable

foreign exchange forwards (NDF) and plain vanilla options. Hedging decisions are taken and, if possible, executed by Corporate Finance. Speculative trading is forbidden.

At 31 December 2020 the Group had economically hedged 86% (2019: 80%) of its foreign currency exposure for which firm commitments existed at the reporting date.

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

FOREIGN CURRENCY RISK SENSITIVITY

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

(in CHF 1 000)	2020			2019		
	Increase/decrease (in %)	Effect on profit before tax	Effect on equity	Increase/decrease (in %)	Effect on profit before tax	Effect on equity
CNY/CHF	10	713	0	10	1 069	0
USD/CHF	10	1 387	0	10	423	0
BRL/CHF	10	(199)	0	10	(202)	0
EUR/CHF	10	(2 266)	0	10	(629)	0
JPY/CHF	10	471	0	10	422	0
CNY/CHF	(10)	(713)	0	(10)	(1 069)	0
USD/CHF	(10)	(1 387)	0	(10)	(423)	0
BRL/CHF	(10)	199	0	(10)	202	0
EUR/CHF	(10)	2 266	0	(10)	629	0
JPY/CHF	(10)	(471)	0	(10)	(422)	0

CREDIT RISK

Credit risk refers to the risk that counterparties will not meet their obligations, leading to a financial loss for the creditor. The Group is exposed to credit risk from its operating activities, primarily trade receivables and loan notes, as well as from its financing activities, primarily financial instruments such as foreign exchange derivatives and cash deposits with financial institutions.

TRADE RECEIVABLES

It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, maturing and overdue receivable balances are monitored on an ongoing basis. The Group continuously reviews its provision for impairment. The maximum exposure is the carrying amount as

disclosed in Note 5.2. In 2020 and 2019, 96% of the transactions occurred in the country of the respective operating unit. There are no significant concentrations of customer credit risk within the Group.

FINANCIAL INSTRUMENTS AND CASH DEPOSITS

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

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

(in CHF 1 000)	2020		2019	
	Rating	Balance	Rating	Balance
BANK				
Bank A	AAA	68 655	AAA	9 890
Bank B	AA+	81 327	AA+	1 988
Bank C	AA	450	AA	451
Bank D	A+	168 361	A+	111 888
Bank E	BBB+	70 916	BBB+	23 871
Bank F	A+	112 866	A+	28 128
Bank G	A-	17 277	A-	23 729
Other banks		112 349		60 266
TOTAL		632 201		260 211

LIQUIDITY RISK

Liquidity risk refers to the possible inability to meet short-term debt obligations due to the lack of liquid assets. The Group closely monitors its liquidity risk through a prudent asset and liability management. This includes a recurring liquidity planning approach throughout the Group. The Group's objective is to maintain an adequate funding structure by using bank overdrafts, bank loans, bonds and finance leases. In accordance with the policy, Corporate Finance maintains a permanently accessible cash stock as well as flexible short-term funding possibility through committed credit lines, involving a prospective approach.

The following table reflects all undiscounted contractually agreed payments for repayments and interest resulting from recognized financial liabilities at 31 December 2020 and 31 December 2019.

(in CHF 1 000)	2020			2019		
	<1 year	1–5 years	>5 years	<1 year	1–5 years	>5 years
Straight bonds	3 948	490 184	0	203 290	0	0
Lease liabilities	31 373	96 342	170 131	31 214	113 787	179 414
Other financial liabilities	866	33 569	941	866	31 201	7 921
Trade payables	49 919	0	0	63 207	0	0
Other payables	139 410	75 313	0	94 121	38 699	0
TOTAL	225 516	695 408	171 072	392 698	183 687	187 335

CAPITAL MANAGEMENT

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

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

EQUITY RATIO

(in CHF 1 000)	2020	2019
Total assets	2 548 613	2 389 978
Equity	1 209 943	1 367 222
EQUITY RATIO	47.5 %	57.2 %

9.3 PRINCIPAL CURRENCY TRANSLATION RATES

CURRENCY	Unit	31 Dec 2020	Average 2020	31 Dec 2019	Average 2019
Brazilian real (BRL)	100	16.97	18.54	24.09	25.15
Canadian dollar (CAD)	1	0.69	0.70	0.74	0.75
Chinese renminbi (CNY)	100	13.48	13.59	13.91	14.36
euro (EUR)	1	1.08	1.07	1.09	1.11
Japanese yen (JPY)	100	0.85	0.88	0.89	0.91
Turkish lira (TRY)	1	0.12	0.14	0.16	0.18
US Dollar (USD)	1	0.88	0.94	0.97	0.99

9.4 RELATED-PARTY DISCLOSURE

Besides the associates, the joint venture and the Key Management Personnel, the Group has identified the following related parties:

- The International Team for Implantology (ITI) Foundation
- Medartis AG.

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

(in CHF 1 000)	2020	2019
PURCHASE OF GOODS FROM:		
Associates	(7 862)	(7 579)
Medartis AG	(243)	(189)
SALE OF GOODS TO:		
Associates	977	78
SERVICES RENDERED TO:		
Associates	131	130
ITI Foundation	462	266
SERVICES RECEIVED FROM:		
Associates	(3 044)	(105)
ITI Foundation	(9 982)	(10 387)
TOTAL	(19 561)	(17 786)

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

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

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

(in CHF 1 000)	2020	2019
Associates loans	2 403	10 921
Associates (payables)/receivables	(327)	(337)
ITI Foundation (payables)/receivables	(2 685)	(2 478)
TOTAL	(610)	8 107

On 31 December 2020 loans granted to associates amounted to CHF 2.4 million (2019: CHF 10.9 million). The amount is included in the associates line in the table above.

KEY MANAGEMENT PERSONNEL COMPENSATION

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

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

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

COMPENSATION

The following table shows the compensation of Key Management Personnel recognized in profit or loss in line with the Group's accounting policies.

(in CHF 1 000)	2020	2019
Salaries and other short-term employee benefits	13 245	13 326
Post-employment benefits	2 296	2 547
Share-based payments	3 674	7 072
TOTAL KEY MANAGEMENT PERSONNEL COMPENSATION RECOGNIZED IN THE INCOME STATEMENT	19 215	22 945

9.5 SUBSIDIARIES AND ASSOCIATES

The consolidated financial statements of the Group include:

NAME	City	Country of incorporation	Interest and voting rights 2020 (in %)	Share capital 31.12.2020
SUBSIDIARIES:				
Anthogyr SAS	Sallanches	France	100.00	EUR 1 254 040
Anthogyr Inc.	Orlando	USA	100.00	USD 5 000
Anthogyr S.A.	Mersch	Luxembourg	100.00	EUR 400 100
Anthogyr Center Sarl	Mersch	Luxembourg	100.00	EUR 12 000
Batigroup Dental Diş Ürünleri Ticaret AŞ	Ankara	Turkey	90.00	TRY 5 000 000
Biora AB	Malmö	Sweden	100.00	SEK 950 152
Dental Wings Inc.	Montreal	Canada	100.00	CAD 24 648 923
Dental Wings GmbH	Chemnitz	Germany	100.00	EUR 25 000
Dental Wings Hong Kong Ltd	Hong Kong	China	100.00	HKD 4 635 044
Shenzhen Dental Wings Company Limited	Shenzhen	China	90.00	CNY 1 790 369
DW Manufacturing Inc.	Montreal	Canada	100.00	CAD 1
Digital Planning Service (Private) Ltd	Lahore	Pakistan	100.00	PKR 12 000 000
Equinox Dental AG	Basel	Switzerland	100.00	CHF 100 000
etkon (Schweiz) AG	Rheinfelden	Switzerland	70.00	CHF 100 000
Institut Straumann AG	Basel	Switzerland	100.00	CHF 100 000
Anthogyr Italia SRL	Milano	Italy	100.00	EUR 50 000
Equinox Implants LLP	Mumbai	India	100.00	INR 320 000 000
Straumann Italia Srl	Milan	Italy	100.00	EUR 270 000
Instradent AG	Basel	Switzerland	100.00	CHF 100 000
Createch Medical S.L.U.	Mendaro	Spain	100.00	EUR 1 334 784
Createch Institute A.E.I.E.	Mendaro	Spain	100.00	EUR 880 000
Straumann Middle East PJS	Tehran	Iran	100.00	IRR 40 000 000
T-Plus Implant Tech. Co. Ltd.	New Taipei City	Taiwan	58.06	TWD 154 901 960
Zinedent İmplant Üretim A.Ş.	Ankara	Turkey	100.00	TRY 2 300 000
Instradent LLC	Moscow	Russia	100.00	RUB 17 250 000
Manohay Argentina SA	Buenos Aires	Argentina	100.00	ARS 19 000 000
Manohay Chile SPA	Santiago	Chile	100.00	CLP 464 515 950
Manohay Colombia SAS	Bogotá	Colombia	100.00	COP 7 100 062 213
Manohay Dental SA	Madrid	Spain	100.00	EUR 60 200
Manohay México SA de CV	México DF	Mexico	100.00	MXN 41 892 615
SmileCo GmbH	Berlin	Germany	74.90	EUR 25 000
DrSmile Iberia SL	Madrid	Spain	74.90	EUR 3 000
DZK Deutsche Zahnklinik GmbH	Düsseldorf	Germany	74.90	EUR 25 000
Urban Technology GmbH	Berlin	Germany	74.90	EUR 25 000

NAME	City	Country of incorporation	Interest and voting rights 2020 (in %)	Share capital 31.12.2020
Straumann (Beijing) Medical Device Trading Co Ltd	Beijing	China	100.00	CNY 70 290 000
Straumann (China) Investment Company Limited	Shanghai	China	100.00	USD 30 000 000
Lirui Medical Technology (Shanghai) Company Limited	Shanghai	China	100.00	CNY 16 000 000
3D ADD Medical Technology (Beijing) Co. Ltd.	Beijing	China	100.00	CNY 1 285 714
Straumann AB	Möln dal	Sweden	100.00	SEK 100 000
Straumann AS	Oslo	Norway	100.00	NOK 1 000 000
Straumann BV	Ijsselstein	Netherlands	100.00	EUR 18 151
JJGC Indústria e Comércio de Materiais Dentários S.A. ('Neodent')	Curitiba	Brazil	100.00	BRL 1 152 621 860
Yller Biomateriais S/A	Pelotas	Brazil	100.00	BRL 19 984
Northern Cross B.V.	Amsterdam	Netherlands	100.00	EUR 100
Smile factory S I e P LTDA.	São Paulo	Brazil	100.00	BRL 1 300 100
Straumann Canada Ltd	Burlington	Canada	100.00	CAD 2 100 000
Straumann Danmark Aps	Brøndby	Denmark	100.00	DKK 125 000
Straumann Dental India LLP	Mumbai	India	100.00	INR 1 706 000 000
Straumann Dental Korea Inc	Seoul	Republic of Korea	100.00	KRW 2 300 000 000
Straumann Dental s.r.l.	Bucharest	Romania	100.00	RON 4 050 000
Straumann GmbH	Vienna	Austria	100.00	EUR 40 000
Straumann Group (Taiwan) Co. Ltd.	Taipei	Taiwan	75.00	TWD 13 333 333
Straumann Group (Thailand) Limited	Bangkok	Thailand	100.00	THB 120 000 000
Straumann Group Adriatic d.o.o.	Zagreb	Croatia	100.00	EUR 25 000
Straumann Group Peru SA	Lima	Peru	100.00	PEN 1 702 500
Straumann Group SDN. BHD.	Kuala Lumpur	Malaysia	100.00	MYR 1 055 000
Straumann Group South Africa (PTY) LTD	Somerset West	South Africa	100.00	ZAR 1 000
Straumann Holding Deutschland GmbH	Freiburg	Germany	100.00	EUR 25 000
etkon GmbH	Gräfelfing	Germany	100.00	EUR 326 000
Medentika GmbH	Hügelsheim	Germany	91.00	EUR 275 000
Medentika CNC GmbH	Hügelsheim	Germany	91.00	EUR 200 000
Abutment Direct Inc.	Markham	Canada	45.50	CAD 0
Straumann GmbH	Freiburg	Germany	100.00	EUR 200 000
Straumann Japan KK	Tokyo	Japan	100.00	JPY 10 000 000
etkon Japan KK	Shibayama	Japan	100.00	JPY 10 000 000
Straumann Jordan PSC	Amman	Jordan	49.00	JOD 50 000
Straumann LLC	Moscow	Russia	100.00	RUB 21 000 000
Straumann Ltd	Crawley	UK	100.00	GBP 300 000
Straumann Manufacturing, Inc.	Andover	USA	100.00	USD 1
Bay Materials LLC	Fremont	USA	100.00	USD 0

NAME	City	Country of incorporation	Interest and voting rights 2020 (in %)	Share capital 31.12.2020
ClearCorrect Holdings, Inc.	Round Rock	USA	100.00	USD 4 424
ClearCorrect Operating, LLC	Round Rock	USA	100.00	USD 1 000
Straumann USA, LLC	Andover	USA	100.00	USD 1
Straumann Oy	Helsinki	Finland	100.00	EUR 32 000
Straumann Pty Ltd	Port Melbourne	Australia	100.00	AUD 100
Straumann New Zealand Ltd	Napier	New Zealand	100.00	NZD 0
Straumann SA/NV	Zaventem	Belgium	100.00	EUR 2 565 021
Straumann SAS	Fontenay-sous-Bois	France	100.00	EUR 287 472
SCI Alpina Immobilière	Fontenay-sous-Bois	France	100.00	EUR 50 000
Straumann Singapore Pte Ltd	Singapore	Singapore	100.00	SGD 10 000
Straumann SRO	Prague	Czech Republic	100.00	CZK 200 000
Straumann Villeret SA	Villeret	Switzerland	100.00	CHF 9 000 000
Straumann Manufacturing Pars PJS	Tehran	Iran	100.00	IRR 40 000 000
Valoc AG	Rheinfelden	Switzerland	55.00	CHF 100 000

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

On 27 July 2020, the Group signed a new shareholder agreement with its shareholding partner of STM Digital Dentistry Holding Ltd (Hong Kong). The Group will continue to hold 49% of the company's shares but has transferred rights like representation quotes in the board of directors to its shareholding partner. The Group concluded that it has lost control over STM Digital Dentistry Holding Ltd but retains significant influence over the company's operations. The Group therefore changed its accounting treatment from subsidiary to associate. The loss of control has no material influence on the Group's performance.

NAME	City	Country of incorporation	Interest and voting rights 2020 (in %)
ASSOCIATES:			
botiss medical AG	Berlin	Germany	30.00
Dental Monitoring SAS	Paris	France	7.28
Geniova Technologies S.L.	Madrid	Spain	38.02
maxon dental GmbH	Kenzingen	Germany	49.00
Rodo Medical Inc.	San Jose	USA	30.00
Rapid Shape GmbH	Heimsheim	Germany	35.00
Z-Systems AG	Oensingen	Switzerland	30.63
Promaton Holding B.V.	Amsterdam	Netherlands	49.12
STM Digital Dentistry Holding Ltd	Hong Kong	China	49.00
Peak Dental Solutions HK Ltd.	Hong Kong	China	40.00
Warantec Co., Ltd.	Seongnam-si	Republic of Korea	33.50

AUDIT REPORT – CONSOLIDATED FINANCIAL STATEMENTS

Report of the statutory auditor to the general meeting of Straumann Holding AG, Basel

STATUTORY AUDITOR'S REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS



OPINION

We have audited the consolidated financial statements of Straumann Holding AG and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2020 and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (pages 127 to 171).

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and comply with Swiss law.



BASIS FOR OPINION

We conducted our audit in accordance with Swiss law, International Standards on Auditing (ISAs) and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

We are independent of the Group in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, as well as the *International Code of Ethics for Professional Accountants (including International Independence Standards)* of the *International Ethics*

Standards Board for Accountants (IESBA Code) and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



KEY AUDIT MATTERS

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

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

RECOVERABILITY OF GOODWILL AND BRAND

AREA OF FOCUS

Goodwill and brand stemming from the various acquisitions represent 22% of the Group's total assets and 46% of the Group's equity as of balance sheet date (see Group's disclosures Note 4.3 and 4.4).

There is a risk of limited recoverability of these assets, in case the planned growth and margins for the domestic or international business are not realized as budgeted or forecasted by management. In determining the value in use of cash-generating units, management applies judgment in estimating – amongst other factors – future revenues and margins, long-term growth and discount rates. Such assumptions are affected by expected future market or economic conditions. Due to the significance of the carrying amount of the goodwill and brand and the judgment involved in performing the impairment test, this matter was considered significant to our audit.

OUR AUDIT RESPONSE

Our procedures included, amongst other, evaluating the Company's valuation model for the material goodwill and brand with indefinite useful life and analyzed the underlying key assumptions, including future long-term growth and discount rates. We assessed the assumptions regarding future revenues and margins, historical accuracy of the Company's estimates and considered its ability to produce accurate mid- and long-term forecasts. We evaluated sensitivity in the valuation resulting from changes to the key assumptions applied and compared these assumptions to corroborating information.

Our audit procedures did not lead to any reservations concerning the valuation of goodwill and brand.

RECOVERABILITY OF DEFERRED TAX ASSETS NEODENT

AREA OF FOCUS

As of balance sheet date recognized deferred tax assets relating to tax-deductible statutory goodwill and fair value step-ups amount to CHF 22.1 million. Such tax-deductible statutory goodwill and fair value step-ups stem from mergers subsequent to Neodent's acquisition through fully owned subsidiaries. The Company performs periodic assessments of the recoverability of deferred tax assets (see Group's disclosures Note 7.7).

Brazilian tax authorities have challenged the legality of the tax deductibility of the statutory goodwill and intangibles assets which causes a risk of future recoverability of such deferred taxes. Due to the judgement involved in making an assessment regarding the decision by the court this matter was considered significant to our audit.

OUR AUDIT RESPONSE

Our procedures included, amongst other, involving local Brazilian tax experts to assist in evaluating the Company's assessment regarding tax deductibility of statutory goodwill and fair value step ups. Further, we analyzed the reassessment of the Company related to the decision of the Brazilian Administrative Court of First Instance and the negative decision of the second level appeal which may impact the appropriateness of the capitalization of the deferred tax assets. Our audit procedures did not lead to any reservations concerning the measurement of deferred tax assets Neodent.



OTHER INFORMATION IN THE ANNUAL REPORT

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information in the annual report and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



RESPONSIBILITY OF THE BOARD OF DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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



AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

A further description of our responsibilities for the audit of the consolidated financial statements is located at the website of EXPERTSuisse: <http://www.expertsuisse.ch/en/audit-report-for-public-companies>. This description forms part of our auditor's report.



REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

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

Ernst & Young Ltd

Daniel Zaugg
Licensed audit expert
(Auditor in charge)

Fabian Meier
Licensed audit expert

Basel, 12 February 2021



FINANCIAL REPORT

STRAUMANN HOLDING

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**# TOGETHER
STRONG**

BALANCE SHEET

ASSETS

(in CHF 1 000)	Notes	31 Dec 2020	31 Dec 2019
Cash and cash equivalents		211 541	136 684
Securities and short term deposits		99 659	0
Other short-term receivables		14 462	28 955
from third parties		264	333
from investments		14 198	28 622
Prepaid expenses		264	58
Total current assets		325 926	165 697
Financial assets	2.1	948 218	817 519
Investments	2.2	822 112	688 213
Intangible assets		46	78
Total non-current assets		1 770 376	1 505 810
TOTAL ASSETS		2 096 302	1 671 507

EQUITY AND LIABILITIES

(in CHF 1 000)	Notes	31 Dec 2020	31 Dec 2019
Trade payables to third parties		101	158
Short-term interest-bearing liabilities to investments		89 978	7 851
Short-term interest-bearing liabilities to third parties	2.4	0	200 000
Other short-term liabilities to investments		485	0
Other short-term liabilities to third party		1 645	0
Short-term provisions	2.3	7 974	41 475
Deferred income		2 007	2 591
Total current liabilities		102 190	252 075
Long-term interest-bearing liabilities		544 783	18 287
to third parties	2.4	480 000	0
to investments		64 783	18 287
Long-term provisions		3 000	19 000
Total non-current liabilities		547 783	37 287
Total liabilities		649 973	289 362
Share capital	2.5	1 591	1 588
Reserves from capital contributions ¹	2.6	87 441	66 254
Share premium		9 281	9 281
Legal retained earnings		(8 599)	13 064
Reserves for treasury shares	2.7	11 232	9 524
Capital reserves	2.8	(23 371)	0
Statutory reserves		1 540	1 540
Extraordinary reserves		2 000	2 000
Voluntary retained earnings		1 356 615	1 291 958
Available earnings			
- Retained earnings		1 199 019	1 076 012
- Net result		157 596	215 946
Total equity		1 446 329	1 382 145
TOTAL EQUITY AND LIABILITIES		2 096 302	1 671 507

1 thereof CHF 10 996 956 not accepted by the Swiss Federal Tax Administration.

INCOME STATEMENT

(in CHF 1 000)	Notes	2020	2019
Income from investments	2.10	171 820	168 744
Other financial income	2.11	17 216	14 755
Other operating income	2.12	15 629	79 351
Total income		204 665	262 850
Other financial expense	2.13	(7 902)	(15 788)
Board compensation		(1 674)	(1 799)
Other operating expense	2.14	(4 986)	(25 118)
Impairment on investments	2.15	(32 479)	0
Depreciation of intangible assets		(31)	(155)
Total expenses		(47 072)	(42 860)
Result before income tax		157 593	219 990
Direct taxes		3	(4 044)
NET RESULT		157 596	215 946

NOTES TO THE FINANCIAL STATEMENTS

1 PRINCIPLES

1.1 GENERAL

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

These financial statements have been prepared in accordance with the Swiss Law on Accounting and Financial Reporting (32nd title of the Swiss Code of Obligations). Where not prescribed by law, the significant accounting and valuation principles applied are described below.

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

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

1.2 FINANCIAL ASSETS

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

1.3 TREASURY SHARES

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

1.4 SHARE-BASED PAYMENTS

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

1.5 INTEREST-BEARING LIABILITIES

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

2 INFORMATION ON BALANCE SHEET AND INCOME STATEMENT ITEMS

2.1 FINANCIAL ASSETS

(in CHF 1 000)	31 Dec 2020	31 Dec 2019
Loans to subsidiaries	945 815	804 321
Loans to third parties	2 403	13 198
TOTAL	948 218	817 519

2.2 INVESTMENTS

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

2.3 SHORT-TERM PROVISIONS

Short-term provisions include provisions for unrealized foreign currency gains of CHF 7.3 million and provisions for taxes CHF 0.7 million (2019: CHF 36.8 million and taxes CHF 4.7 million).

2.4 INTEREST-BEARING LIABILITIES TO THIRD PARTIES

(in CHF 1 000)	31 Dec 2020	31 Dec 2019
Bonds	480 000	200 000
TOTAL	480 000	200 000
BOND CONDITIONS		
Nominal value	200 000	200 000
Interest rate in %	0.55	1.625
Maturity/term in years	5.2	7
Due date/maturity	10/3/2025	4/30/2020
Nominal value	280 000	
Interest rate in %	1.0	
Maturity/term in years	3.5	
Due date/maturity	10/3/2023	

On 30 April 2020 the Group repaid its CHF-denominated domestic straight bond of CHF 200 million which was issued in April 2013.

The Group placed a CHF-denominated domestic straight bond issue for an aggregate amount of CHF 280 million with issue date 3 April 2020, payable annually in arrears on 3 October. In July 2020 the Group placed an additional CHF-denominated domestic straight bond for an aggregate amount of CHF 200 million, with issue date 15 July 2020, payable annually in arrears on 3 October. Denominations of the bonds are CHF 5 000 nominal and multiples thereof. The bonds have been admitted to trading on the SIX Swiss Exchange with effect from 27 March 2020 until 3 October 2023 respectively from 10 June 2020 until 3 October 2025 and are listed in accordance with the Standard for Bonds on the SIX Swiss Exchange.

2.5 SHARE CAPITAL

The share capital for 2020 is CHF 1 590 682.40 and is represented by 15 906 824 registered shares of CHF 0.10 par value. On 22 April 2020 an option agreement between Institut Straumann AG and Straumann Holding AG was signed, which resulted in a nominal capital increase of CHF 2 784. The new shares were created from conditional share capital.

In 2019, the share capital was CHF 1 587 898.40 and was represented by 15 878 984 registered shares of CHF 0.10 par value.

2.6 RESERVES FROM CAPITAL CONTRIBUTION

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

2.7 RESERVES FOR TREASURY SHARES

The shares of Straumann Holding AG held by Institut Straumann AG amount to 14 775 shares with an average value of CHF 760.20. The increase occurred due to the share based payment program and employee shares program (2019: 13 502 with an average value of CHF 705.4).

2.8 CAPITAL RESERVES

Mid 2020 AG Projection SAS, a holding company which holds a 70 % share of Anthogyr SAS, Sallanches, France, was merged into Straumann Holding AG. A merger loss in the amount of CHF 23.4 million has been booked into retained earnings (capital reserve).

2.9 TREASURY SHARES

Since 2017 all shares have been sold and no transactions regarding treasury shares occurred in 2020.

2.10 INCOME FROM INVESTMENTS

In the reporting period the dividend income amounted to CHF 171.8 million (2019: CHF 168.8 million).

2.11 OTHER FINANCIAL INCOME

Other financial income amounts to CHF 17.2 million (2019: CHF 14.8 million) and contains mainly the interest income from loans to subsidiaries and realized foreign exchange gains.

2.12 OTHER OPERATING INCOME

Other operating income amounts to CHF 15.6 million and consists of a reversal of a provision for acquisition (recognized in other operating expense in 2019). In 2019 other operating income amounted to CHF 79.4 million and consisted of income from licenses.

2.13 OTHER FINANCIAL EXPENSE

Other financial expense amounts to CHF 7.9 million and mainly contains the valuation of the loans, interest expense from bonds and earn out. In 2019 the other financial expenses contained mainly the valuation of the loans, the interest expense from bond and earn out and amounted to CHF 15.8 million.

(in CHF 1 000)	2020	2019
Interests	7 289	6 801
Foreign exchange losses	0	8 987
Other financial expense	613	0
TOTAL	7 902	15 788

2.14 OTHER OPERATING EXPENSE

(in CHF 1 000)	2020	2019
Administrative expense	780	748
Consulting expense	1 433	7 714
Sundry expense	2 773	16 656
TOTAL	4 986	25 118

Other operating expense amounts to CHF 5.0 million and contains administrative, consulting as well as sundry expenses. In 2019 other operating expenses amounted to CHF 25.1 million and contained new provisions of CHF 16.0 million for acquisition and integration risk for newly acquired subsidiaries posted under sundry expense.

2.15 IMPAIRMENT ON INVESTMENTS

In 2020 there has been a reversal of impairments in the amount of CHF 60.0 million (2019: CHF nil) and there have been impairments on investment in the amount of CHF 92.5 million (2019: CHF nil).

3 OTHER INFORMATION**3.1 FULL TIME EQUIVALENTS**

Straumann Holding AG does not have any employees.

3.2 MAJOR SHAREHOLDERS

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

(in %)	31 Dec 2020 ¹	31 Dec 2019 ¹
MAJOR SHAREHOLDERS		
Dr h.c. Thomas Straumann (Vice Chairman of the Board)	16.9	16.9
Dr h.c. Rudolf Maag	11.2	11.5
Black Rock Group ²	7.3	7.3
Simone Maag de Moura Cunha	3.7	3.7
Gabriella Straumann	3.0	3.0
The Capital Group companies, Inc. ³	n/a	3.0
TOTAL MAJOR SHAREHOLDERS	42.0	45.4

1 Or at last reported date if shareholdings are not registered in the share register

2 Not registered in Straumann's share register

3 Dropped below the 3% threshold in 2020

3.3 ALLOCATION OF EQUITY INSTRUMENTS TO THE BOARD OF DIRECTORS

According to the compensation plan, Board members' fees are paid in a fixed remuneration and shares (in 2020 due to COVID-19 the Board voluntarily reduced their share grants by 40 percent). The number of shares is calculated based on the average price over the last seven days prior to the allocation.

The allocation was as follows:

	2020		2019	
	Number	Value in CHF 1 000	Number	Value in CHF 1 000
Allocated to the Board of Directors	799	602	1 199	1 004

3.4 EVENTS AFTER THE BALANCE SHEET DATE

There are no significant events after the balance sheet date which could impact the book value of the assets or liabilities or which should be disclosed in these financial statements.

4 EQUITY INSTRUMENTS OF THE BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT

The following tables disclose the number of vested and non-vested equity instruments (shares, options and Performance Share Units) held on 31 December 2020 and 2019 by the members of the Board of Directors, the Executive Management Board and individuals related to them.

2020

	Shares	Performance Share Units		
		27 Apr 2021	20 Apr 2022	20 Apr 2023
BOARD OF DIRECTORS				
Gilbert Achermann	34 721	0	0	0
Dr h.c. Thomas Straumann	2 691 565	0	0	0
Monique Bourquin	1 103	0	0	0
Dr Sebastian Burckhardt	3 085	0	0	0
Marco Gadola	2 071	1 845	1 385	0
Juan José Gonzalez	200	0	0	0
Dr Beat Lüthi	4 139	0	0	0
Regula Wallimann	819	0	0	0
Total	2 737 703	1 845	1 385	

EXECUTIVE MANAGEMENT BOARD

Guillaume Daniellot	0	304	255	1 062
Wolfgang Becker	600	369	302	336
Jens Dexheimer	143	326	0	0
Camila Finzi	430	0	0	354
Dr Peter Hackel	500	402	326	363
Holger Haderer	292	104	80	265
Mark Johnson	650	0	0	248
Patrick Loh	0	402	326	363
Dr Andreas Meier	732	168	175	248
Alastair Robertson	0	0	272	354
Dirk Reznik	0	0	0	354
Petra Rumpf	2 170	434	0	0
Matthias Schupp	140	239	207	230
Rob Wolley	0	0	127	283
Total	5 657	2 748	2 070	4 460
TOTAL	2 743 360	4 593	3 455	4 460

2019

	Shares	Performance Share Units		
		21 Apr 2020	27 Apr 2021	20 Apr 2022
BOARD OF DIRECTORS				
Gilbert Achermann	42 432	0	0	0
Dr h.c. Thomas Straumann	2 693 985	0	0	0
Monique Bourquin	1 023	0	0	0
Dr Sebastian Burckhardt	3 005	0	0	0
Juan José Gonzalez	120	0	0	0
Ulrich Looser	4 692	0	0	0
Dr Beat Lüthi	4 059	0	0	0
Regula Wallimann	739	0	0	0
Total	2 750 055	0	0	0
EXECUTIVE MANAGEMENT BOARD				
Marco Gadola	520	2 470	1 845	1 385
Dr Gerhard Bauer	958	475	369	302
Wolfgang Becker	0	507	369	302
Guillaume Daniellot	754	379	304	255
Jens Dexheimer	1 111	348	326	271
Dr Peter Hackel	720	554	402	326
Frank Hemm	330	554	0	0
Patrick Loh	0	495	402	326
Alastair Robertson	0	0	0	272
Petra Rumpf	904	633	434	350
Matthias Schupp	856	317	239	207
Peter Zihla	943	158	109	111
Total	7 096	6 890	4 799	4 107
TOTAL	2 757 151	6 890	4 799	4 107

PROPOSAL OF THE BOARD OF DIRECTORS FOR THE APPROPRIATION OF THE AVAILABLE EARNINGS

(in CHF 1 000)	2020	2019
Net result	157 596	215 946
Carried forward from previous year	1 200 727	1 065 503
Change in reserves for treasury shares	(1 708)	10 508
Profit available to the Annual General Meeting	1 356 614	1 291 958
Dividend paid out of the available earnings (CHF 5.75 per share)	(91 379)	(91 231)
BALANCE CARRIED FORWARD	1 265 235	1 200 727

The Board of Directors proposes to the Shareholders' General Meeting that a total dividend of CHF 5.75 per share be distributed, payable as of 15 April 2021. Calculated based on the total number of outstanding shares of 15 892 049, this corresponds to a total amount of CHF 91.4 million. In deciding on the appropriation of dividends, the Shareholders' General Meeting shall take into account that the Company will not pay a dividend on treasury shares held by the Company. The remaining amount of the available earnings is to be carried forward.

AUDIT REPORT – FINANCIAL STATEMENTS STRAUMANN HOLDING AG

Report of the statutory auditor to the General Meeting of Straumann Holding AG, Basel

REPORT OF THE STATUTORY AUDITOR ON THE FINANCIAL STATEMENTS

As statutory auditor, we have audited the financial statements of Straumann Holding AG, which comprise the balance sheet, income statement and notes (pages 175 to 181), for the year ended 31 December 2020.



BOARD OF DIRECTORS' RESPONSIBILITY

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



AUDITOR'S RESPONSIBILITY

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial

statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



OPINION

In our opinion, the financial statements for the year ended 31 December 2020 comply with Swiss law and the company's articles of incorporation.



REPORT ON KEY AUDIT MATTERS BASED ON THE CIRCULAR 1/2015 OF THE FEDERAL AUDIT OVERSIGHT AUTHORITY

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

We have fulfilled the responsibilities described in the *Auditor's responsibility* section of our report, including in relation to these matters. Accordingly, our audit included the performance of

procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the financial statements.

VALUATION OF INVESTMENTS IN AND LOANS TO SUBSIDIARIES AREA OF FOCUS

Investments in and loans to subsidiaries as at balance sheet date amount to CHF 1768 million or 84% of total assets. The Company generally assesses the valuation of its investments and loans and determines potential impairments on an individual basis in accordance with the Swiss Code of obligations (see Company's disclosures Note 2.15).

Due to the significance of the carrying amount of the investments and loans and the judgement involved in the determination of potential impairments, this matter was considered significant to our audit.

OUR AUDIT RESPONSE

Our procedures included, amongst other, an assessment of the Company's valuation model and we analysed the underlying key assumptions and methods that were used for its annual impairment test. Our audit procedures did not lead to any reservations concerning the valuation of investments in and loans to subsidiaries.

**REPORT ON OTHER LEGAL REQUIREMENTS**

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

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

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

Ernst & Young Ltd

Daniel Zaugg

Licensed audit expert
(Auditor in charge)

Basel, 12 February 2021

Fabian Meier

Licensed audit expert



APPENDIX

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**# TOGETHER
STRONG**

GLOBAL REPORTING INITIATIVE

Transparency for Stakeholders

Sustainability is inherent to Straumann's business success and reflects our corporate values and behavior. We have consistently integrated sustainability reporting in our Annual Report since 2004, fostering trust and confidence. To provide transparency for stakeholders who are impacted by our activities, including shareholders, customers, employees and members of the communities in which we operate, we base our sustainability reporting on the internationally accredited GRI Sustainability Reporting Standards by the Global Reporting Initiative.

GRI is a nonprofit, multi-stakeholder organization that provides companies with a systematic basis for informing stakeholders on corporate responsibility in a concise and comparable manner. We have applied the GRI sustainability reporting frameworks in our Annual Report for fourteen years. This report has been prepared in accordance with the GRI Standards: Core option. It provides a comprehensive overview of Straumann's Corporate Responsibility activities while addressing all material topics and was submitted to the GRI Materiality Disclosures Service in February 2021.

The GRI Standards require us to determine which sustainability topics are most relevant, i.e. material, for our company and stakeholders. The corresponding assessment and topics determined to be material are presented on p. 59. The topics listed are relevant for Straumann's operations, shareholders and employees, as they can influence cost, brand reputation, and ultimately business success.

Economic, social and environmental topics are also relevant for the communities in which we operate. Environmental topics are also of interest to international environmental organizations. Product-related topics are relevant for our customers and the patients they serve. Human resources topics influence the competence of our team and ultimately the confidence and peace-of-mind we provide to our customers.

This report is based on information for the whole Straumann Group, unless stated otherwise. We have not sought external assurance of the GRI information provided, but we have used the standards for internal auditing wherever practical.

GLOBAL REPORTING INITIATIVE

Management Approaches

ECONOMIC TOPICS

BUSINESS ETHICS AT STRAUMANN GROUP

In all our business activities, we place a high value on ethical behavior. Straumann has a dedicated Group-wide organization for business compliance, with specialists in all regions. The Straumann Group Code of Conduct clearly outlines our expectations in this regard (see p. 53). Our Compliance team ensures adherence to the Code, which is integrated in all our employment contracts and is a central part of our training program. Employees are obligated to report any actual or suspected violation or misconduct. Compliance concerns can be raised anonymously at any time using a multilingual hotline operated by a third-party. Code infringements are assessed, and appropriate measures taken.

With regard to supply chain administration, our Strategic Procurement & Direct Spend team is responsible for procuring raw materials (e.g. titanium), tools, semi-finished goods, operating supplies, production machines and other equipment, while the Indirect Purchasing group handles the procurement of goods and services, including marketing materials, translation services, documentation, travel and accommodation, transportation, office supplies, packaging, consulting and event services.

Straumann expects external business partners (ExBP) to comply with the provisions laid out in the Group Code of Conduct for ExBP. These include compliance with law and regulations, ethical business practices, fair and safe working conditions,

environmental protection and safeguarding privacy through proper use of confidential information. Major suppliers are required to sign the ExBP Code periodically as a written confirmation of their commitment to abide by its provisions. Straumann may monitor certain ExBPs to evaluate their compliance with the Code. Any non-compliance with the provisions and requirements is treated as a violation of substantial contractual obligations. If the ExBP fails to correct the infringement, Straumann is committed to seeking an alternative ExBP who is willing and able to comply with the Code.

Key corporate standards for central business compliance risks (bribery, improper advantages and unlawful promotion) are in place (see table on p. 54). The Codes cover economic, environmental and social topics.

In 2020, a steering committee was established to coordinate all sustainability activities at Group level, illustrating the importance the Group attaches to corporate sustainability and the appropriate management of material topics (see materiality map on p. 59 and sustainability governance chart on p. 58).

ECONOMIC TOPICS IN DETAIL

Strong [economic performance](#) is the basis of the long-term viability of Straumann Group. At the same time economic success is regarded as being inseparable from high standards in environmental and social stewardship. We are committed to ensuring that our business is financially sustainable

both in the short and the long run. Strategic oversight of our financial performance is ensured by the Board of Directors. The operational responsibilities are delegated to the Executive Management Board. A strong commitment to innovation, quality and service in all the regions where we do business is central to our approach. We are positioned as a supplier of premium products and services and have a clear focus on cost control. We plan to maintain our position through prompt execution of strategic goals and by upholding our commitment to developing new products for the replacement, restorative, regenerative, esthetic and preventive dental markets, as well as for digital dentistry.

Our main indirect economic impacts include the provision of jobs in the communities (see “social topics” on p. 188) in which we operate, and our charitable and social engagement initiatives to make dental treatment and education about oral hygiene available to the underprivileged.

Straumann’s charitable and social engagement programs around the world are an important aspect of our culture. They are typically managed by the teams located in each region where we do business. Our charitable programs relate, for example, to ectodermal dysplasia or basic dental care and oral hygiene. Our products and services are, by their nature, designed to improve the human condition and thus inherently benefit society.

ACCESS TO TREATMENT

In addition to our charitable donations and programs to provide free treatment to people who cannot afford it, our biggest contributions to increasing access to replacement, restorative and corrective dental treatment are the provision of training and education, as well as our efforts to increase affordability (see p. 70). Our significant commitment to education spans more than three decades and includes support for the ITI, ILAPEO and dental schools and academies around the world. Our efforts to increase affordability are reflected in the fact that we cover all price levels. More than 40% of the implants we supply today are value brands, in contrast to our exclusively premium range in 2012. Furthermore, we continue to innovate solutions that reduce costs, for example by reducing surgery visits and interventions, or that make treatment possible for patients who would otherwise be ineligible.

ENVIRONMENTAL TOPICS

GENERAL ASPECTS

Local environmental officers are responsible for environmental issues at our production sites. They are overseen by plant managers who in turn report to our Head of Operations or the Heads of our Digital and Orthodontic Business Units. At our global headquarters, which accommodates research and development, facility management is overseen by the CFO (see sustainability governance chart on p. 58). To track our performance, we regularly collect and evaluate data from our production sites, as well as from our major non-production entities, to understand our environmental impact and continuously identify and implement measures for improvement.

Minimizing our impact on the environment also falls within the responsibility of our employees. Our Code of Conduct obligates every individual in

the Straumann Group to comply with all laws and internal regulations regarding environmental matters.

Efficiency is an integral part of how we do business at Straumann. We continuously refine products and processes and seek ways to improve the conservation of resources. We employ this approach for [materials](#), [energy](#) and [water](#) consumption (see specific aspects on water below). Economical use of resources and efficient production as well as recycling efforts minimize [effluents](#) and [waste](#).

We closely monitor our greenhouse gas emissions to quantify our impact on climate change. We calculate corresponding [emissions](#) associated with our energy consumption, and further report information to investors within the Climate Change program of CDP (formerly the Carbon Disclosure Project).

We are aware that our supply chain also influences our environmental impact, and we strive for a thorough [environmental assessment of suppliers](#). Our expectations regarding environmental protection in the supply chain are clearly specified in our Group Code of Conduct for External Business Partners (see [economic topics on p. 186](#)).

WATER AS A SHARED RESOURCE

Straumann seeks to reduce the environmental impact of production and to adhere to environmental laws and regulations. Besides energy, emissions and waste, our environmental management covers water and effluents. We do not operate in a water-intensive business sector. However, we are aware that water is a shared and precious resource that is scarce in some parts of the world. Water constraints have the potential to increasingly challenge our business as well.

We therefore monitor water-related risks and assess them at our production sites. This includes the consideration of local laws and regulations, and collaboration with stakeholders such as local communities, water and waste water authorities and other official bodies.

Water-stress levels have been analyzed situationally, but not globally in a systematic way. We intend to assess water-stress levels for our major production sites in the future, to determine specific risks associated with water stress, which occurs when the demand for water exceeds the available amount during a certain period, or when poor quality restricts its use.

Most of our total water consumption is municipal water that is used for manufacturing processes (parts cleaning, product packaging and storage), sanitary purposes, facility services (kitchen, cleaning, irrigation), as well as cooling. Wastewater is mainly discharged via the local municipal sewerage system, in compliance with local requirements, and is treated by third-party companies where necessary.

SOCIAL TOPICS

LABOUR PRACTICES AND DECENT WORK

Operational aspects of labor practices and policies fall within the responsibilities of the Head of Global People Management & Development, who is a member of the Executive Management Board. On a strategic level, the Human Resources & Compensation Committee of the Board of Directors reviews Straumann's human resources policies and oversees the recruitment of Executive Board Members as well as the compensation of the Board of Directors and the Executive Management Board.

We base our approach to [employment](#) on principles of employee development, open dialogue and fair and attractive employment conditions. Collective bargaining agreements and freedom of association are allowed throughout the company in compliance with laws and regulations. However, there is a general preference for informal employee dialogue, and labor contracts are negotiated individually rather than by collective bargaining.

[Employee health and safety](#) is a top priority for Straumann. At executive management level the Head of Global People Management & Development and the Head of Research Development & Operations are responsible for this task. Our goal is clear: zero work-related accidents per year. Thus, our approach focuses on prevention by means of regular risk assessments and continuously communicating occupational health and safety procedures to all employees in the regions, through specific training and awareness programs. We have implemented management systems for occupational health and safety at our production sites globally. Our employees contribute to the development of these management systems. We regularly monitor work-related hazards and incidents, and we report absence rates and other indicators. In addition, we

offer our employees access to non-occupational medical and healthcare services, as well as voluntary health promotion programs such as fitness training or nutrition advice. Straumann strictly maintains the confidentiality of workers' personal health-related information. Our Code of Conduct, obligates all staff to respect employee privacy and respective grievance mechanisms are in place.

In order to keep our employees' skills up to date, [training and education](#) are of key importance (see p. 65). Our continuing training and education programs are aligned with our Cultural Journey. In addition, we continue to offer informal educational sessions.

We believe that a diverse workforce greatly contributes to team performance and to our ability to serve customers around the world. Therefore, we place a high value on [inclusion](#) and [equal opportunity](#) (see p. 65 f.). We regularly monitor a variety of indicators in our workforce such as age, gender, nationality and educational background to ensure inclusiveness and diversity of perspectives. Everyone who works at the Straumann Group should feel comfortable being themselves at work. Any concerns can be raised by our employees. We appropriately follow up all complaints and sanction irregular behavior that is contrary to our Code of Conduct.

HUMAN RIGHTS

Our approach to protecting [human rights](#) is based on our Code of Conduct, which requires all employees to act ethically and uphold human rights at all times.

To foster an open, collaborative working environment, our employees are protected from [discrimination](#) by Straumann's Code of Conduct. We define discrimination as biased treatment based on

gender, race, background, religion, or sexual orientation. [Our Group Code of Conduct for External Business Partners](#) serves as a supplier social assessment, with the purpose of ensuring that working conditions and human rights are protected along our supply chain.

PRODUCT RESPONSIBILITY

Our overall profitability depends on the quality, performance and reliability of the solutions we provide to our customers. We apply stringent requirements for safety and effectiveness in product design and production, and will never accept shortcuts to market in order to boost short-term sales. The fitness for use of our products is assured over the entire product lifecycle: from conceptualization to research, development, manufacturing, storage, distribution, and in-market support.

Our approach towards [customer health and safety](#), as well as compliance of our products and services includes the following: in the rare case of a potentially serious safety issue, our Corporate Product Safety Officer is authorized to convene a Safety Board meeting at very short notice to initiate corrective actions. Furthermore, our implant and regenerative products undergo preclinical and clinical testing, which continues after market introduction. Results of these studies are often published in peer-reviewed scientific journals and are presented by independent experts at scientific meetings.

Our commitment to truthful and accurate [marketing and labelling](#) is embedded in our global sales compliance program, which has been in place since 2009. It is one of several safeguards ensuring compliance with regulations relating to sales of our products and services. Finally, respecting laws and regulations concerning [customer privacy](#) is integrated in our Code of Conduct.

GRI CONTENT INDEX

General Disclosures



Reference	Disclosure	Page no./Information
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GRI 102:2016 GENERAL DISCLOSURES		
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For the Materiality Disclosures Service, GRI Services reviewed that the GRI content index is clearly presented and the references for Disclosures 102-40 to 102-49 align with appropriate sections in the body of the report.

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KEY DATES IN 2021

16 February	2020 Full-year results conference
9 April	Annual General Meeting
13 April	Dividend ex date
15 April	Payment date
29 April	First-quarter results conference call
12 August	Half-year results conference
28 October	Third-quarter results conference call

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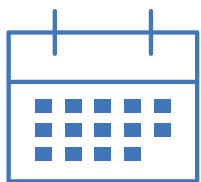
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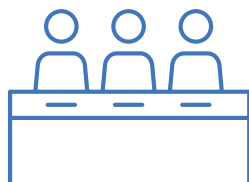
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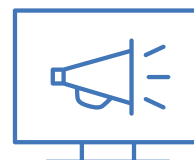
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