straumanngroup

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BUSINESS PERFORMANCE

Outstanding results across the business

Straumann Group posted organic full-year revenue growth of 15.7% or CHF 2.3 billion in revenue. While the year was characterized by challenging macroeconomic developments, patient demand remained good throughout the year while softening in the second half. The Group advanced significantly in all strategic areas led by innovation in the core business, implantology and orthodontics, as well as by geographical expansion. Further investments in new areas were made to become a leading digitally-powered oral care company by entering a new partnership with SmileCloud, starting to build the new Straumann AXS customer platform and expanding the Group's value proposition through CareStack. In 2022, the strategic priority to build a consumer presence was further developed by strengthening the DrSmile brand and acquiring PlusDental and Nihon Implant. This led to a market share gain for the Group and an overall market growth from CHF 18 to 19 billion in 2022.

Despite the ongoing macroeconomic uncertainties, the Group continued to grow while helping 4.4 million smiles globally, improving access to treatment, expanding the business globally and progressing in sustainability.

Throughout 2022, the Group gained market share through new customer acquisitions with both premium and challenger brands expanding geographically. The Group estimates that its market share in implantology increased from approximately 29% in 2021 to around 30% in 2022.

Operations and finances

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

- Amortization of acquisition-related intangible assets amounting to CHF 38 million (mainly related to the accelerated amortization of the PlusDental brand)
- The accelerated amortization of the PlusDental brand as well as the restructuring costs amount to CHF 9 million and were triggered by the Group's brand conclusion to run its direct-to-consumer clear aligner marketing business in Europe exclusively under the DrSmile brand

A reconciliation table and detailed information are provided on page 136 of the Group's annual report.

Core gross profit stable at 76% despite raw material cost surge

Continued strong volume growth in all businesses allowed core gross profit to increase by CHF 216 million to CHF 1.76 billion. High utilization rates in our production facility combined with continued efficiency improvements to minimize cost increases resulted in a stable core gross profit margin at 76% with only a slight decrease of 50 base points versus 2021.

Core EBIT margin at 26%

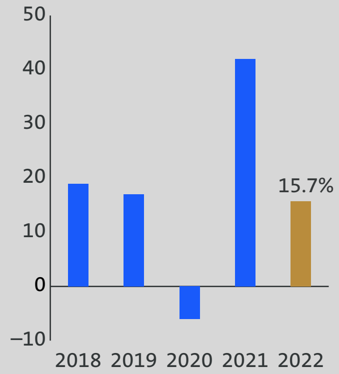
Core EBIT increased by CHF 49 million to CHF 603 million driven by the topline growth and despite investments in expansion and the return of normal levels of promotion and travel activities after the second quarter. Core EBIT margin reached 26.0% which is 140 basis points lower than in 2021 which was lifted by a low activity level

Key performance figures

	2022 Core[1]	2021 Core[1]
Revenue (CHF m)	**2 321**	2 022
Gross profit margin (%)	**75.7**	76.2
EBIT margin (%)	**26.0**	27.4
Net profit margin (%)	**20.8**	22.6

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

Organic revenue growth
in %



during the pandemic.

The Group's investments in growth and its geographic expansion led to an increase of core distribution expenses (salesforce salaries, commissions and logistics costs) by CHF 57 million to CHF 433 million. Despite these considerable investments, distribution costs remained almost unchanged with a slight increase of 5 basis points relative to sales.

Core administrative expenses, which include research and development as well as marketing, sales and general overhead costs, increased by CHF 109 million to CHF 725 million. This was mainly due to new product launches, the geographical expansion of brands and the integration of acquisitions. As a percentage of revenue, administrative expenses increased by 76 basis points.

Core net profit margin at 21%

Net financial expenses amounted to CHF 30 million, reflecting interest on lease liabilities and payments as well as currency-related losses. After income taxes of CHF 84 million, net profit increased by 6% to CHF 482 million, resulting in a margin of 21%. Basic core earnings per share increased by 6% to CHF 3.03.

Free cash flow at CHF 221 million

Cash flow from operations amounted to CHF 415 million, which is 145 million lower than in 2021, mainly driven by a negative change in net working capital of CHF 191 million. Days of sales outstanding increased to 63 while days of supplies increased to 191.

The Group's production expansion, acquisition initiatives and strategic digital transformation activities, total cash outflow for investing activities amounted to CHF 435 million, almost one and a half times higher than in 2021 mainly driven by the acquisition of PlusDental and operational expansions. Despite the significant investment levels, the cash position on 31 December 2022 remained strong at CHF 696 million, which exceeds the Group's interest-bearing liabilities by CHF 208 million (2021: CHF 376 million). The Group's balance sheet amounted to CHF 3.4 billion versus CHF 3.0 billion at the end of 2021.

Proposal to the Annual General Meeting to increase dividend

Based on the 2022 results, the Board of Directors proposes a dividend of CHF 0.80 per share which is subject to shareholder approval and payable on April 13, 2023. In 2022, the Group undertook a share split, followed by a 40% shareholder increase, providing a wider population the opportunity to become shareholders of Straumann Group.

Summary of main investments

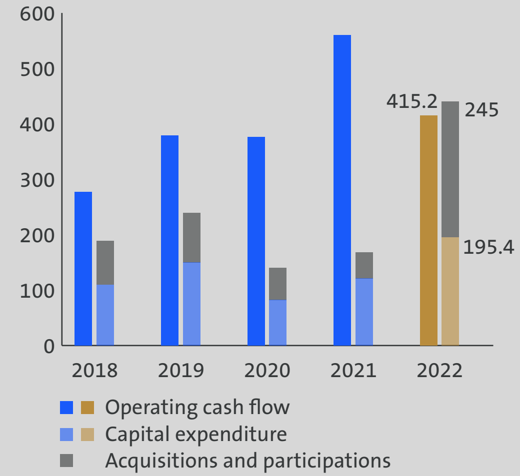
Investments in consumer presence

In early 2022, the Group acquired Nihon Implant, a leading implant treatment concierge in Japan. Nihon Implant connects patients with clinicians, referring patients for implant treatment to specialty clinics. In July 2022, PlusDental, a doctor-led clear aligner treatment solutions provider in Europe, joined the Group. Following the successful completion of the acquisition and the review of the future brand strategy, the Group concluded it will run its direct-to-consumer marketing clear aligner business in Europe exclusively under the DrSmile brand. Both investments collectively amounted to CHF 164 million. For Nihon Implant, further payments are expected to follow in the coming years.

Investments in technology partners

In March 2022, the Group acquired a 30% minority stake in CareStack, a cloud-based practice management software provider. Later in the year, the minority stake was increased to 36%. In May 2022, the Group increased its ownership in Promaton to 70% (non-controlling). Just

Cash flow and investments
in CHF million



before year-end, the Group also invested a minority stake in 3D Diagnostic, which provides digital support services to dentists. Those investments collectively amounted to CHF 87 million.

Investments in infrastructure

In the period under review, the Group invested CHF 127 million in land, buildings and machinery, mainly to increase production capacity in Switzerland (Villeret), Brazil (Curitiba), the US (Mansfield and Andover) and China (Shanghai). Together with investments in IT hard and software and in other fixed assets, capital expenditures reached CHF 195 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. 157).

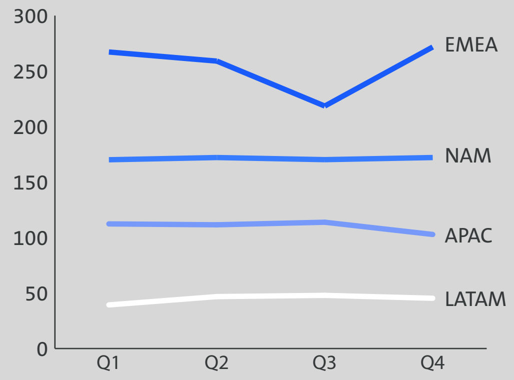
BUSINESS PERFORMANCE – REGIONS

Despite the global macroeconomic uncertainties, performance across all the regions was strong and our ability to adapt to the changing environment and our innovative solutions supported us in our performance. EMEA grew more than 20% organically and crossed the one billion Swiss franc mark. Dental practices operated on good levels, except for China, where patient flow was impacted by pandemic-related restrictions and the Chinese volume based procurement initiative (VBP) which caused treatment delays.

Regional sales performance by quarter
in CHF million

	Q1	Q2	Q3	Q4	Total 2022	Total 2021
Europe, Middle East & Africa	267.2	259.0	218.5	271.7	1 016.5	891.9
Change in CHF %	+24.7	+12.9	+7.0	+11.3	+14.0	+45.1
Change (organic) in %	+33.0	+21.0	+15.1	+13.7	+20.5	+41.3
North America	170.1	172.1	170.2	172.1	684.5	590.8
Change in CHF %	+23.2	+13.0	+14.2	+13.7	+15.9	+36.7
Change (organic) in %	+20.7	+8.0	+9.1	+9.4	+11.6	+40.0
Asia Pacific	112.3	111.5	113.8	102.8	440.5	408.8
Change in CHF %	+21.7	+8.5	+8.4	–5.5	+7.7	+41.7
Change (organic) in %	+18.4	+5.9	+8.6	–2.9	+7.2	+40.6
Latin America	39.3	46.8	47.9	45.3	179.3	130.4
Change in CHF %	+56.1	+49.5	+25.9	+26.2	+37.5	+44.4
Change (organic) in %	+48.8	+40.3	+20.9	+18.9	+30.4	+56.8
Total	588.9	589.4	550.5	592.0	2 320.8	2 021.9
Change in CHF %	+25.4	+14.3	+10.9	+9.6	+14.8	+41.8
Change (local currencies) in %	+27.9	+16.0	+14.5	+11.9	+17.3	+43.8
Change (organic) in %	+27.2	+15.1	+12.2	+9.6	+15.7	+41.7

Regional sales performance by quarter
in CHF million



Europe, Middle East & Africa (EMEA)

Strong demand in Europe, Middle East and Africa, reaching one billion Swiss Franc mark

The Group's largest region, Europe, the Middle East and Africa, was the strongest revenue contributor throughout all quarters, despite a negative currency effect. The growth was driven by all segments with particularly strong contributions from orthodontics and implants. The premium and challenger implant sales remained high.

The dental service organization (DSO) segment enjoyed very strong growth and helped increase revenues in the region. The digital solutions business was very successful, mainly driven by the relaunch of Virtuo Vivo intraoral scanners. Iberia showed highly impressive results, driven by intraoral scanner sales, premium and challenger implants, while emerging markets strongly contributed to growth. Germany, being the largest country, drove revenue in absolute terms, and Turkey and Romania showed very strong growth. Throughout 2022, the DrSmile and ClearCorrect orthodontics businesses strongly contributed to growth in EMEA.

Overall growth in the region was driven by Germany, Turkey, and Iberia. Premium and challenger implant sales remained high, and the digital business was remarkably successful, mainly driven by intraoral scanners. In addition, the fast-growing DSO business helped increase revenues in the region.

Largest regional markets

1. Germany
2. France
3. Spain

Change organic
+21%

Change in CHF
+14%

EMEA contribution of Group revenue
44%

Revenue in CHF
1 017m

North America

North America continues its growth path

Both Canada and the US were driven by strong demand across all major franchises in the first quarter of 2022. Within premium implants, the BLT, BLX and TLX lines all grew very strongly reflecting the focus on immediacy. In the challenger segment, Neodent performed very well, lifted by a strong performance in the DSO segment and the region's focus on competitive conversions. A strong performance for implants overall also drove our restorative business in abutments and guided surgery. In digital solutions, intraoral scanners were a key driver for growth, with a strong first quarter.

In the second half of 2022, the macroeconomic effects such as inflation started to have an impact on patient flow and on the demand for clear aligners. The implant business continued to be the main growth driver, led by the Straumann and Neodent brands. In the second quarter, Straumann Group successfully introduced the new Straumann AXS customer platform which aims to unite existing and new digital service solutions.

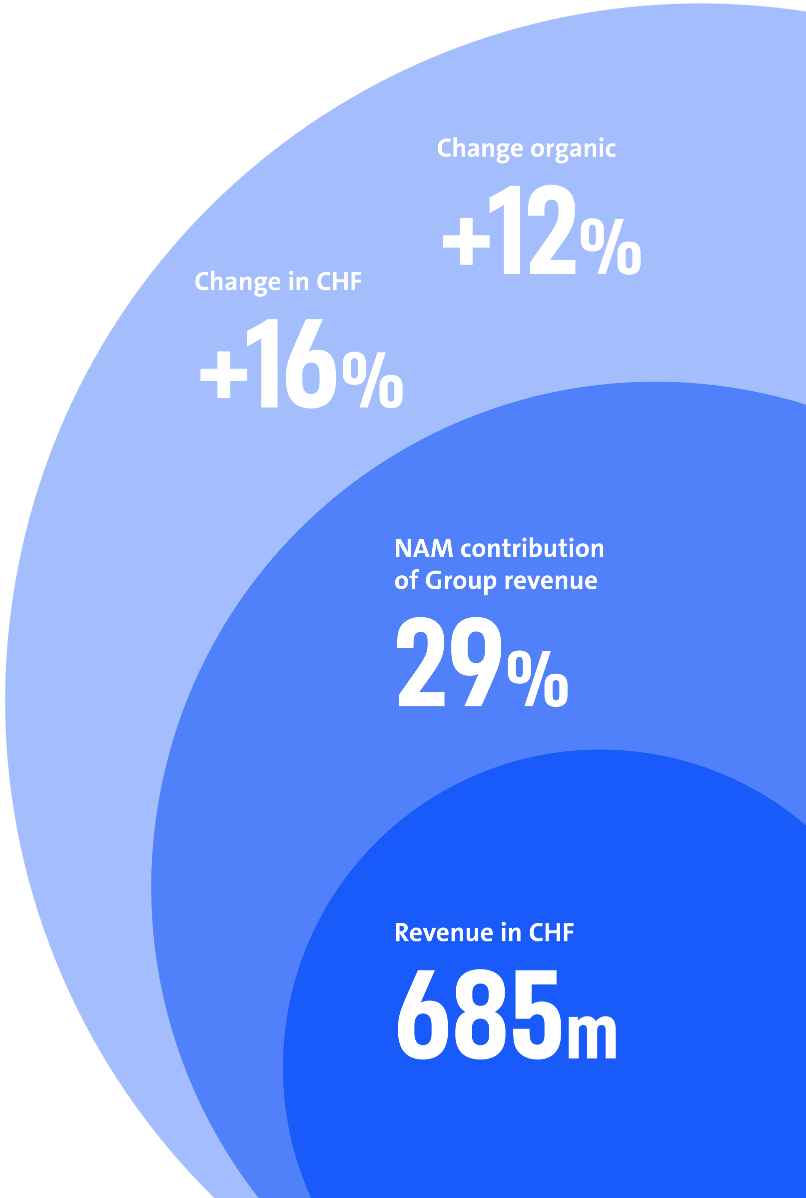
Throughout the year the implant business remained the main growth driver, led by the Straumann and Neodent brands, as well as the digital solutions business which grew strongly with intraoral scanners. In addition, the Group successfully launched CareStack, a cloud-based practice management software which offers clinicians a seamless, end-to-end treatment management experience.

Overall, the performance was driven by premium implantology, the Neodent challenger brand which grew very strongly and was supported by the clear aligner business. Digital solutions delivered the highest revenue growth.

Macroeconomic developments in the region continued to influence patient demand for aligners throughout the year, although the effects had a lower impact in the second half of 2022.

Largest regional markets

1. US
2. Canada



Asia Pacific

Asia Pacific growing steadily with some disruptions in China

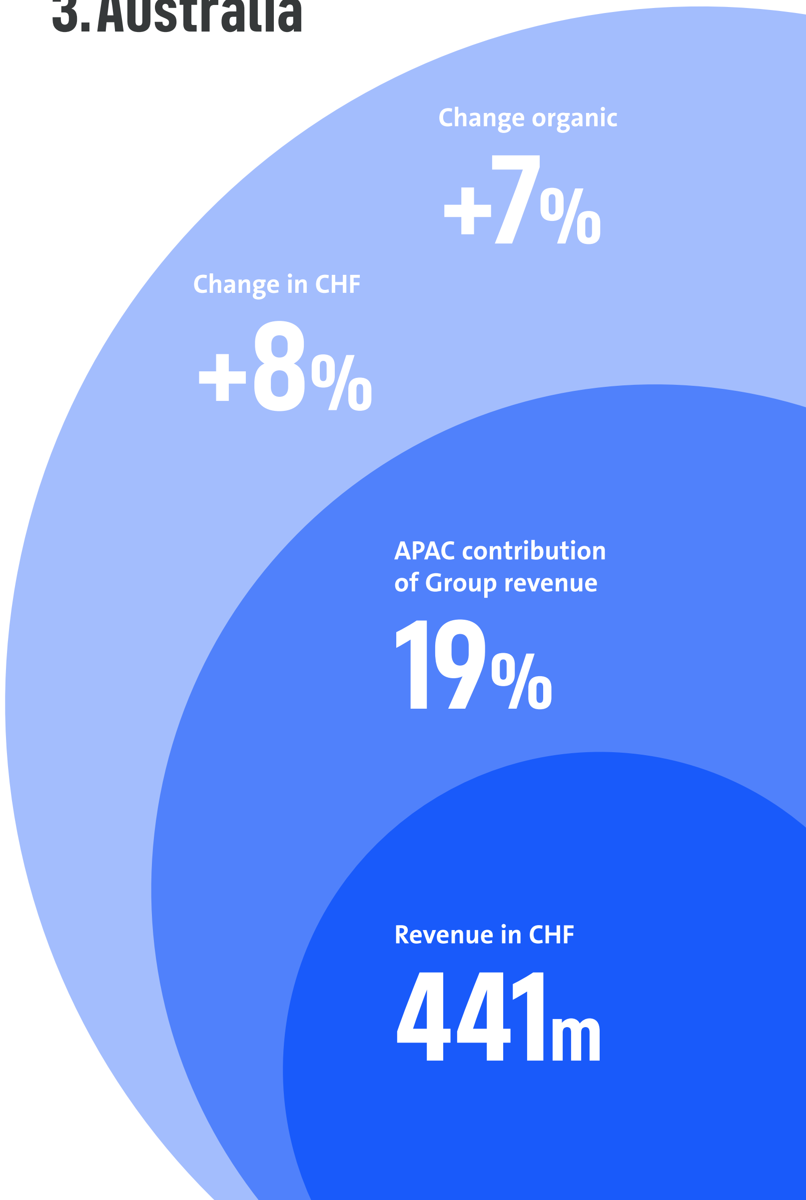
The Asia Pacific region remained a large and growing market, however, the growth dynamic was impacted by several local COVID-19 lockdowns in China. Some impact was also observed from treatments being deferred because of the Chinese volume based procurement initiative (VBP). These impacts were partially compensated by other markets in the region, such as Japan and Australia which saw strong growth. The established subsidiary in Malaysia performed very well and introduced ClearCorrect in the first quarter. The Group also expanded further within India, opening an office near Delhi. Across the region, premium implants and orthodontics contributed strongly to the overall performance.

During the Group's second quarter, the performance in Japan and Australia remained very strong and India doubled its business. The pandemic lockdowns continued to impact growth in China until pent-up demand resulted in increased performance following the bounce-back when restrictions were lifted. The Anthogyr challenger brand has been successfully launched in South Korea. A new subsidiary has been established in Vietnam and the opening of the office in Malaysia as well as a second office in India were the Group's achievements in the second quarter within the Asia Pacific region. Australia, Taiwan and Japan strongly contributed to the regional growth in 2022 and largely offset the slower growth in China. Digital solutions and implantology, premium as well as challenger brands, successfully contributed to regional growth. Our orthodontic business ClearCorrect received regulatory approval in China.

For the first time, the Asia Pacific region registered a negative trend due to the strong COVID-19 impact in China throughout the year and the VPB process which delayed treatments in China. In the first two weeks of 2023, the VBP has been finalized and the Group's submission was accepted. All other countries in the Asia Pacific region grew significantly, in particular Japan and Australia were the region's biggest growth drivers.

Largest regional markets

1. China
2. Japan
3. Australia



Latin America

Latin America posts significant growth despite difficult global environment

The Latin American region performed strongly, particularly in digital solutions where the Virtuo Vivo intraoral scanner drove strong revenue. The orthodontics business grew very rapidly throughout the year in the whole region. In the premium implant segment, BLT implants significantly contributed to the strong results, in turn driving solid performances for abutments and restorative materials. Our 'World Class Doctor' campaign and ITI educational program had a very strong impact. Neodent continued to grow very strongly in the region and the new educational resource, Neodent Campus, was rolled out during the first quarter. In addition, the orthodontics business contributed well to the regional performance throughout 2022, expanding to Mexico, Colombia and Chile.

In both the premium and value implant segments, the Group gained market share in all countries, thanks to the direct local footprint in Latin America. The biggest market, Brazil grew robustly, and other countries such as Mexico and Argentina grew even faster. The region onboarded new customers through nationwide educational events and patient marketing activities. Digital solutions performed very well, with the Virtuo Vivo intraoral scanner being the largest growth contributor to digital solutions in the Latin American region.

Overall in 2022, Brazil remains the biggest revenue contributor in Latin America, with robust demand, notably for its leading implantology brand Neodent which continued with its strong presence in LATAM. In addition to Brazil, Mexico, Colombia and Peru showed good growth. As a highlight of the year, the new Neodent Zi implant was launched in Brazil and the Virtuo Vivo intraoral scanner remained the largest growth contributor to digital solutions.

Largest regional markets

1. Brazil
2. Mexico
3. Colombia

Change organic
+30%

Change in CHF
+38%

LATAM contribution of Group revenue
8%

Revenue in CHF
179m

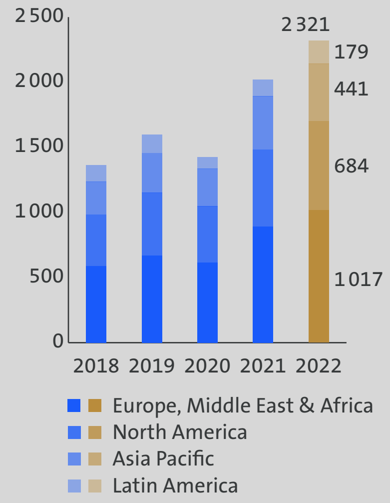
BUSINESS PERFORMANCE – FINANCIALS

Five-year overview – operating performance
in CHF million

	2018	2019	2020	2021	2022
Net revenue	1 363.6	1 596.2	1 425.9	2 021.9	2 320.8
Growth in %	22.6	17.1	(10.7)	41.8	14.8
Gross profit	1 019.2	1 200.5	1 029.8	1 540.0	1 754.7
Margin in %	74.7	75.2	72.2	76.2	75.6
Operating result before depreciation and amortization (EBITDA)	395.0	480.6	406.0	652.4	701.8
Margin in %	29.0	30.1	28.5	32.3	30.2
Growth in %	22.1	21.7	(15.5)	60.7	7.6
Operating profit (EBIT)	342.6	387.1	156.5	542.6	535.3
Margin in %	25.1	24.3	11.0	26.8	23.1
Growth in %	21.0	13.0	(59.6)	246.6	(1.3)
Net profit	277.8	308.0	92.3	399.3	434.8
Margin in %	20.4	19.3	6.5	19.7	18.7
Growth in %	(1.6)	10.9	(70.0)	332.7	8.9
Basic earnings per share (in CHF)[1]	1.72	1.93	0.57	2.49	2.73
Value added / economic profit[1]	189.6	208.6	(30.6)	250.3	258.6
Change in value added	(24.8)	18.9	(239.1)	280.9	8.3
Change in value added in %	(11.6)	10.0	(114.7)	919.0	3.3
as a % of net revenue	13.9	13.1	(2.1)	12.4	11.1
Number of employees (year-end)	5 954	7 590	7 340	9 054	10 478
Number of employees (average)	5 580	6 837	7 409	8 256	10 203
Sales per employee (average) in CHF 1 000	244	233	192	245	227

1 Figures as reported in the financial reports

Regional sales performance by year
in CHF million



Five-year overview – financial performance

in CHF million

	2018	2019	2020	2021	2022
Cash and cash equivalents	278.7	260.2	632.2	880.4	696.1
Net cash (net debt)	16.8	20.2	116.2	376.1	207.5
Net working capital (net of cash)	233.0	265.6	168.0	124.0	229.3
as a % of revenue	17.3	16.6	11.8	6.1	9.9
Inventories	182.1	234.6	216.6	249.2	321.2
Days of supplies	165	175	160	166	191
Trade receivables	231.3	281.2	236.0	287.3	416.4
Days of sales outstanding	56	57	47	48	63
Balance sheet total	1 864.6	2 390.0	2 548.6	2 968.0	3 373.4
Return on assets in % (ROA)	15.6	13.6	3.9	14.3	13.6
Equity	1 204.3	1 367.2	1 209.9	1 500.4	1 853.8
Equity ratio in %	64.6	57.2	47.5	50.6	55.0
Return on equity in % (ROE)	24.4	24.0	7.7	28.8	24.9
Capital employed	1 011.6	1 455.0	1 190.3	1 174.6	1 600.5
Return on capital employed in % (ROCE)	35.7	28.4	11.9	43.7	35.1
Cash generated from operating activities	277.1	378.5	376.6	560.3	415.2
as a % of revenue	20.3	23.7	26.4	27.7	17.9
Investments	(188.2)	(239.3)	(140.4)	(167.8)	(440.4)
as a % of revenue	13.8	15.0	9.8	8.3	19.0
thereof capital expenditures	(109.7)	(149.9)	(82.1)	(121.0)	(195.4)
thereof business combinations related	(22.2)	(77.1)	(55.1)	(39.7)	(157.6)
thereof investments in associates	(56.3)	(12.3)	(3.2)	(7.1)	(87.3)
Free cash flow	169.4	229.6	295.2	440.6	220.8
as a % of revenue	12.4	14.4	20.7	21.8	9.5
Dividend	83.1	91.2	91.3	107.4	127.5[2]
Dividend per share (in CHF)	5.25	5.75	5.75	6.75	0.80[1,2]
Pay-out ratio in % (core results)	28.9	27.1	35.5	23.7	26.4

1 Following 1:10 share split in 2022
2 To be proposed to the shareholders' AGM in 2023

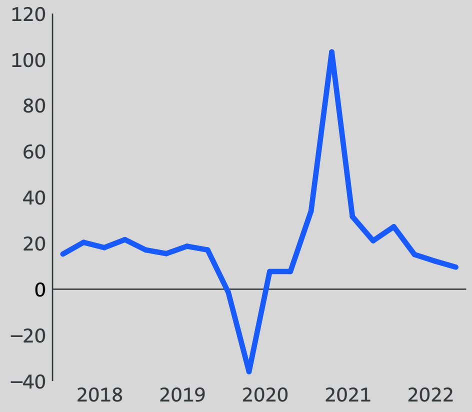
Investments 2022

in CHF

195m

Five-year quarterly revenue growth (organic)

in %



SHARE PERFORMANCE

A year of economic challenges

After a volatile 2021, the year 2022 continued with high market uncertainties and strong fluctuations. While the impact of COVID-19 on global supply chains was mitigated more and more, geopolitical disruptions and rapidly increasing energy prices fueled markets with new uncertainties. With inflation turning into a global macroeconomic shock, central banks were forced to end the cycle of low interest rates at an unprecedented pace. As a result, growth expectations were dampened, which weighed on valuations of equities, in particular growth stocks. Yet, there were some positive signals towards year-end. The labor market proved to be resilient and there were indications that inflation might have peaked in the fourth quarter of 2022.

Straumann stocks were caught up in the above-mentioned market challenges. After an increase of 87.8% in 2021, the share price fell 45.5% to CHF 105.60 by the end of 2022. The Group closed the year at a market capitalization of CHF 16.8 billion and a core P/E ratio of 35. During the same period, the SMIM index (30 largest mid-cap stocks in Swiss equity market) and SLI index (30 largest and most liquid stocks in Swiss equity market) closed the year lower at 28% and 21%, respectively.

In April 2022 the Annual General Meeting (AGM) approved a 1:10 share split which was executed on April 20, 2022.

Following its intention to pay a gradually increasing gross dividend over time, the Group decided in 2022 to distribute a gross dividend amount of CHF 0.80 per share, which is an increase of 17% from the previous year. The payout ratio of the dividend distributed in 2022 was 26%.

Pre-tax shareholder return after dividend reinvestment amounted to −45.2% or CHF −87.57 per share.

With increasing market uncertainties, the one-year stock volatility climbed gradually from 28% to 47% by end of 2022. The average daily trading turnover of Straumann shares declined by 28% from CHF 57 million in 2021 to CHF 41 million in 2022.

Share information

in CHF

	2022[4]	2021	2020	2019	2018
Earnings per share (EPS)	3.03[1]	28.45[1]	16.20[1]	21.21[1]	18.16[2]
Ordinary dividend per share	0.80[3]	6.75	5.75	5.75	5.25
Payout ratio	26%[1]	24%[1]	36%[1]	27%[1]	29%[2]
Share price at year end	105.60	1937.00	1031.50	950.40	618.00

1 Based on core results
2 Based on results excluding exceptionals
3 Payable in April 2023 subject to shareholder approval
4 Following share split 1:10 in 2022

Stock exchange information

Listing	SIX Swiss Exchange (STMN)
Bloomberg	STMN SW
Reuters	STMN.S
Investdata	STMN
Ex date	11 April 2022
Payment date	13 April 2022
Security ID	001 228 007
ISIN	CH 1175 448 666

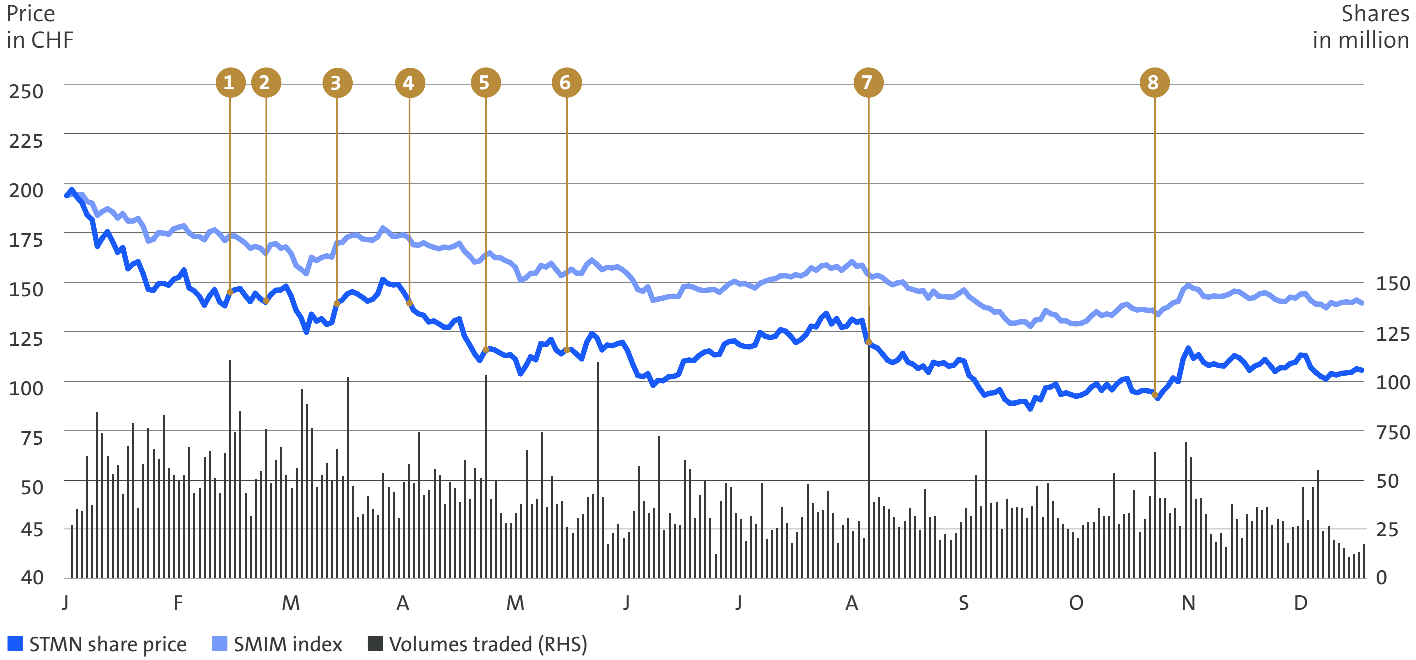
Share price data

in CHF

	2022[2]		2021	
	Value	Date	Value	Date
First trading day	196.75	3 Jan	1 035.00	4 Jan
Lowest[1]	86.02	29 Sept	970.00	28 Jan
Highest[1]	196.75	3 Jan	2 108.00	5 Nov
Last trading day	105.60	30 Dec	1 937.00	30 Dec
Average	120.72		1 513.46	
Tax value	105.60		1 937.00	
Total shareholder return, gross of tax	−45.2%		88.7%	
Share price performance	−45.5%		87.8%	
Market capitalization at year end (CHF million)	16 838		30 840	

1 Value reflects daily closing price
2 Following share split 1:10 in 2022

Share price development



1 15 Feb 2021 results: organic growth of 41.7% with revenue exceeding CHF 2 billion

2 24 Feb Russia's invasion of the Ukraine

3 16 Mar The Federal Reserve lifts its policy interest rate by 0.25% (first raise since 2018)

4 5 Apr AGM resolves 1:10 share split to be effected on April 20, 2022

5 28 Apr Q1 results: very strong results with revenue of CHF 589 million and 27% organic growth

6 20 May The Group announces acquisition of PlusDental, a doctor-led clear aligner treatment solutions provider in Europe

7 16 Aug HY1 results: CHF 1.2 billion revenue and 21% organic growth; the Group aims to achieve net-zero carbon emissions by 2040

8 2 Nov Q3 results: CHF 1.7 billion revenue year-to-date; the Group announces investment in SmileCloud, a smile design and collaboration platform

Trading information