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CHAIRMAN AND CEO LETTER

Dear Reader,

2022 was another successful, yet challenging, year. We continued to grow together as a team and made progress implementing our strategy by putting our customer at the center of everything we do while paving the way to become a digitally-powered oral care company. We are led by our purpose to unlock the potential of people’s lives and are proud to have impacted more than 4.4 million smiles this year.



We helped more than 4.4 million smiles this year

This is a great achievement especially in light of the macroeconomic developments. War, unrests, inflation and the ongoing COVID-19 challenges in some regions are impacting our business. Once more, our culture has been key to our success. We performed, transformed and learned a lot together as a team while showing a high level of agility to adapt to new circumstances. This is important considering the changes in our business environment, which continue to accelerate with further consolidation of our customers, increasing digitalization and the uncertain geopolitical situation.

Gilbert Achermann, Chairman, and Guillaume Daniellot, Chief Executive Officer





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Our strong teams are the engine of our continued positive performance and the foundation of our resilient organization

Following a strong start, the patient flow remained good throughout the year while slightly softening in the second half in some regions. In China, we saw treatment delays due to both the regional pandemic lockdowns and the tender process – the volume based procurement (VBP) – that the Chinese government announced in 2022 as part of the effort to make healthcare more affordable. Worldwide, the demand for dental treatment remains good, which enabled the Group to continue to grow. We keep on investing in education which remains the key lever for access to patients, expanding geographically and focusing on innovation to advance oral care.

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We offered more than 9 780 educational activities globally, maintaining 35% in low- and middle-income countries

Overall in 2022, we gained market share by growing the current customer base, winning new customers and expanding geographically. We believe our market share in implantology increased from approximately 29% in 2021 to around 30% in 2022, further establishing us as a leader in the industry.

In 2022, we strengthened our core business implantology by continuing to invest in immediacy and edentulism solutions, expanding Straumann BLX and TLX in the premium segment and our Smile in a Box solution into new countries. In the challenger segment, we launched key innovations such as the Anthogyr Axiom X3 and Neodent Zi, a new Ceramic implant solution which is more affordable thanks to a new injection-molding manufacturing process.

Neodent Zi strengthens our position in the growing esthetics segment and presents a viable alternative to titanium. To ensure our solutions are robust, add value and are of long-lasting high quality, we kept on collaborating with world-leading academic experts to test innovative solutions in pre-clinical and clinical studies.

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Our innovation pipeline remains key for growth

We had a close look at brand perception in light of customer centricity. Having spoken to customers, prospects and many key stakeholders, we found that the major guiding principles and expectations were customer experience, simplicity and efficiency. We concluded that to rise above implantology – our category of origin – and become the most customer-centric and innovative oral care company in the world, we needed to adapt our brand strategy.

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A refreshed presence for Straumann Group and our Straumann implantology legacy brand to support customer loyalty

Consequently, we have refreshed our company branding structure, focusing on the Group and implantology. The structure is optimized according to the imperatives of our strategic compass and will help differentiate the brands, with a refreshed presence for Straumann Group and our Straumann implantology legacy brand as a premium customer-facing brand. For more details on the Group branding, [see page 16](#).

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Consolidation of our customer groups is continuing

Consolidation of our customer groups is continuing, and dental service organizations (DSOs) are becoming more important. They provide business management and support to dental practices, including non-clinical operations. DSOs therefore enable dental professionals to devote more of their time to patient care. In 2022, our DSO business made significant progress by adding more than 120 DSOs, comprising more than 1 400 practices globally. This was complemented by an additional 40 DSOs focusing on orthodontics only, which will provide an excellent basis to grow in this space in the future. In 2015, around 7% of implants were placed by practitioners who were part of a DSO, increasing to approximately 15%



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in the six years to 2021. By 2025, it is estimated that around 30% of implants in major markets will be placed by practitioners who are part of DSOs.

In 2022, we have made great progress in strengthening our orthodontics value proposition with ClearCorrect by launching a series of features to support the orthodontist specialists' day-to-day requirements to achieve the best possible treatment outcome for the patient.

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Great progress in further building the value proposition in orthodontics

To further build medical expertise in orthodontics, we established a global clinical advisory board this year and started to collect study results to strengthen our value proposition. In addition, we are very pleased to have received the regulatory approval for ClearCorrect in China and also finalized a new clear aligner manufacturing site in Beijing in 2022.

Building our consumer presence, Jason Forbes took up the position of Chief Consumer Officer in April, becoming responsible for all consumer presence initiatives across the Group. This includes DrSmile, Smilink, and Nihon Implant, which we acquired at the beginning of 2022.

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The strategic move to build a consumer presence starts to gain momentum

In addition, we acquired PlusDental in summer and positioned DrSmile, our doctor-led direct-to-consumer marketing aligner business, as the Group's main orthodontics consumer brand in Europe.

Another highlight was our intraoral scanner business – the entry point for customers – which was highly successful thanks to Virtuo Vivo. We also started to connect the intraoral scanners with our ClearCorrect solutions, unifying Straumann products and services. In addition, we launched the high-volume Rapid Shape P50 3D printer device ([see innovation chapter on p. 67](#)).

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We build our digital transformation journey along the customer and patient journey

With our ambition to become a digitally powered oral care company, we are constantly investing in the digital transformation of our customer solutions to improve the user experience for clinicians.

The approach we took this year was to identify gaps along the customer and patient journey and use the insights to build our innovation roadmap as we advance. The aim is to boost the use of digital innovation to increase practice productivity, treatment efficiencies and improve outcomes for the benefit of patients, dentists and technicians across all business areas. One step into this direction was the acquisition of a strategic minority stake in CareStack at the beginning of 2022. Combining Straumann Group's clinical solutions with CareStack's advanced business intelligence and comprehensive practice operations will offer clinicians a seamless,

end-to-end treatment management experience. CareStack's practice management software is suitable for individual practices, groups and DSOs. This partnership will support dental practices in simplifying treatment planning, scheduling and payment, thereby helping Straumann Group clients to provide high-quality care in a more efficient way. As a starting point to build a new online customer portal that provides the core of our dental platform activities under one roof, we launched the Straumann AXS Practice Module in the North America region. In May, the launch started with our existing Smile in a Box customers, which we managed to successfully convert to the new platform. In a second step, we will further develop the applications for clinicians. In September, Straumann Group entered into a partnership with SmileCloud, a digital smile design and collaboration platform developed by dentists for dental professionals which will also be integrated into Straumann AXS. SmileCloud allows clinicians to design virtual mock-up smiles for patients with the help of a 3D biometric library using AI technology to support the best possible treatment outcome for patients. This customer-centric platform will provide best-in-class functionalities for optimal user experience and treatment guidance, based on one core infrastructure.

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We continue to invest in our manufacturing capacity

The global market for clear aligners and implantology continues to offer strong growth opportunities and building manufacturing capacity is one of our main strategic priorities. Sébastien Roche joined the Group as Chief Operating Officer in April. His role encompasses all



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Straumann Group production sites involved in implants, orthodontics and biomaterials manufacturing. In 2022, we continued to expand our manufacturing capacity significantly to support the expansion of the business. In Curitiba, Brazil, we heavily invested in the production capacity for implants, resins and clear aligners. Medentika and Anthogyr increased their manufacturing capacity and the Straumann premium implant production facility in Villeret, Switzerland, doubled its floor space, allowing for future growth. In addition to the new clear aligner production site in Beijing, capacities in the US and Germany were further ramped up. In Mansfield TX (US) a new CAD/CAM milling center started its production in the first half of 2022, doubling the capacity of the current site in Arlington TX (US). For an overview of our global Group presence, [see the visualization on page 14](#).



In 2022, we invested significantly more than in previous years in capacity building, reaching CHF 195 million

Currently, we are working on building our China Campus in Shanghai and a new Group Technology and Innovation Center in Arlesheim near Basel, Switzerland.

Culture remains our main asset and we will keep on investing in our employees. In 2022, an incredible 91% of our employees responded to our weEngage survey. The Group-wide engagement score is at 81 and 76% of the colleagues reported they have good opportunities to learn and grow which is two points higher compared to 2021.



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Our employee engagement score is at 81 and 76% of colleagues reported they have good opportunities to learn and grow

In 2022, we continued to strengthen our high-performance player learner culture by implementing new programs for employees, leadership development as well as new joiners onboarding (see p. 85). Another important priority is to ensure we will have 50% females holding leadership positions within the Group by 2026. In 2023, we plan to look into how we can set up programs to foster a balanced leadership development, ensure a strong pipeline and explore the main reasons for career development barriers.

In 2022, we intensively worked on our environmental footprint by assessing the basis of our CO₂ emissions and setting the goal to achieve net zero emissions by 2040.

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We set our goal to achieve net zero emissions by 2040

Our procurement team has made great progress in digitalizing the procurement process which will also help assess our Scope 3 emissions in the future. Furthermore, we are using 80% electricity from renewable sources, coming closer to our goal of 100% by 2024.

Straumann Group’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. When war erupted in Ukraine in February, we were all shocked to see the distressing scenes in Ukraine. The Group strongly condemns the invasion of and violence towards Ukraine. As an immediate response, Straumann Group decided to donate to the International Committee of the Red Cross organizations to support humanitarian relief efforts. As a Group, we are increasingly building community engagement into our business because we strongly believe that together we can make a bigger difference. In 2022, our commitment encompassed more than 60 charitable projects worldwide, offering dental care and humanitarian relief (see p. 105).

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Living sustainability means integrating it into our strategy

Following the share split in 2022, we were pleased to see that our shareholder basis increased considerably. In 2021, we broke through the CHF 2 billion turnover threshold for the first time and we are building on this growth journey. Investing in sustainable growth remains one of our priorities, which is reflected in our operating margin of 26% as expected. Reasons are investment in the growing operation and increased travel and marketing expenses following the uptake of more intense business activities following the COVID-19 slowdown. Due to the macroeconomic environment and stock market re-rating, our market capitalization dropped to CHF 16.8 billion in 2022 (see p. 49).

As announced, our long-standing Board member and current Vice-Chairman Beat Lüthi has decided to step down at the Annual General Meeting 2023. The Board proposes Olivier Filliol, former CEO of Mettler Toledo, as a new Board member. Olivier brings a depth of knowledge in precision engineering and international business strategy and will also be able to contribute a point of view forged outside of Straumann Group. We would like to express our sincere thanks to Beat Lüthi for his dedication and enormous contribution to Straumann Group during his thirteen-year tenure.

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Further strengthening the independence of the Board

Based on the 2022 results, the Board of Directors proposes to increase the dividend to CHF 0.80 per share, payable on 13 April 2023. We intend to continue increasing the dividend in the future, subject to further good performance.



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**Long-term growth ambition
(Barring unforeseen circumstances)**

We have evolved as a company and today, the Straumann Group is more resilient than it was years ago. Our geographical revenue growth is much more balanced, our business is more diversified having added orthodontics, digital solutions and a consumer presence business unit and our implantology offering covers all price points – not being fully dependent on the premium implant business as before. Today, the Group operates in a potential CHF 19 billion market. We feel confident that we are more strongly positioned and diversified today, which will help us navigate through challenging times. We also strongly believe in our high-performance player learner culture, as our people are the key to success. Today, our market position, balance sheet and business model are strong and even if we face uncertainties in the short or medium term, the company is well positioned to achieve its long-term ambition of CHF 5 billion revenue by 2030, which requires an average organic growth rate of at least 10% annually. The strategy needs to be supported by continued investment in growth leading to a core EBIT margin in the range of 25–30% (at constant FX rates) in the coming years, depending on the size of the investments. In general, the Group will continue to provide guidance on a yearly basis and aims to continuously increase its gross dividend.

We would like to thank all our employees who were committed to the benefit of patients and contributed to the success of Straumann Group, through their untiring efforts despite the continuing challenges caused by the macroeconomic environment.

On behalf of the Board, our sincere thanks also go to you, our partners and shareholders, for your ongoing support and confidence in our company.

Yours sincerely,

Gilbert Achermann
Chairman

Guillaume Daniellot
Chief Executive Officer

21 February 2023