

Consolidated Income Statement

In CHF 1000

	Ref.	2022	2021
Net sales	1	267 125	279 242
Other operating income		0	35
Changes in inventories of finished goods and work in progress		5 165	-1 698
Raw material and consumables used		-94 014	-90 095
Personnel expenses	2	-93 231	-94 414
Other operating expenses	4	-43 419	-42 836
Depreciation on tangible fixed assets	14	-5 343	-5 523
Amortization on intangible assets	16	-1 372	-915
Operating profit (EBIT)		34 911	43 796
Financial income and expenses	5	-1 976	-2 595
Net profit before tax		32 935	41 201
Income taxes	6	-6 936	-9 493
Net profit for the period	8	25 999	31 708
Earnings per share	8	CHF 4.35	CHF 5.31
Diluted earnings per share	8	CHF 4.35	CHF 5.31

The consolidated financial statements have been prepared in accordance with Swiss GAAP FER.
The notes are part of COLTENE Group financial statements.

Consolidated Balance Sheet

In CHF 1000

	Ref.	31.12.2022	31.12.2021
Cash and cash equivalents		24 224	25 733
Trade accounts receivable	9	38 388	36 969
Prepaid expenses and deferred income	12	2 158	1 561
Other short-term receivables	11	3 298	3 033
Inventories	13	65 067	63 661
Current assets		133 135	130 957
Tangible fixed assets	14	48 640	49 193
Financial assets	10	371	367
Intangible assets	16	6 241	4 911
Deferred tax assets	7	2 210	1 310
Non-current assets		57 462	55 781
Total assets		190 597	186 738
Short-term financial liabilities	18	47 072	42 843
Trade accounts payable	19	8 306	12 143
Other short-term liabilities	20	4 899	3 364
Short-term provisions	22	1 143	1 985
Accrued liabilities and deferred income	21	11 655	14 052
Current liabilities		73 075	74 387
Long-term financial liabilities	18	0	75
Deferred tax liabilities	7	2 877	2 273
Long-term provisions	3,22	2 461	2 604
Non-current liabilities		5 338	4 952
Total liabilities		78 413	79 339
Share capital		598	598
Capital reserves		115 756	135 472
Treasury shares		-45	-8
Retained earnings		-4 125	-28 663
Total equity	23	112 184	107 399
Total liabilities and equity		190 597	186 738

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The notes are part of COLTENE Group financial statements.

Consolidated Cash Flow Statement

In CHF 1000

	Ref.	2022	2021
Net profit for the period		25 999	31 708
Depreciation of tangible fixed assets and amortization of intangible assets	14, 16	6 715	6 438
Change in provisions not affecting cash		-882	384
Other expenses and income not affecting cash		8 815	11 732
Change in trade accounts receivable		-1 803	4 352
Change in inventories		-2 855	-11 441
Change of other short-term receivables, prepaid expenses, and deferred income		-932	732
Change in trade accounts payable		-3 668	4 473
Change in other short-term liabilities, accrued liabilities, and deferred income		-1 539	-1 048
Interest paid		-232	-426
Interest received		43	23
Income tax paid		-6 240	-14 412
Cash flow from operating activities		23 421	32 515
Purchase of tangible fixed assets		-5 488	-7 685
Proceeds from sale of tangible fixed assets		121	109
Purchase of intangible assets		-2 830	-2 219
Cash flow from investing activities		-8 197	-9 795
Proceeds from financial liabilities		37 017	4 500
Repayments of financial liabilities		-32 876	-22 125
Dividends paid to shareholders	23	-19 716	-17 924
Proceeds/purchase of treasury shares	23	-353	-279
Cash flow from financing activities		-15 928	-35 828
Effect of exchange rate changes on cash		-805	368
Change in cash and cash equivalents		-1 509	-12 740
Cash and cash equivalents at beginning of year		25 733	38 473
Cash and cash equivalents at end of year		24 224	25 733

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Consolidated Statement of Changes in Equity

In CHF 1000	Ref.	Share capital	Capital reserves (Agio)	Treasury shares	Currency translation adjustments	Goodwill (offset)	Retained earnings	Total of retained earnings	Total equity
01.01.2021		598	153 396	-2	-4 156	-225 874	166 272	-63 758	90 234
Net profit of the period		0	0	0	0	0	31 708	31 708	31 708
Acquisition of treasury shares		0	0	-279	0	0	0	0	-279
Earn-out ¹		0	0	0	0	0	238	238	238
Disposal of treasury shares		0	0	273	0	0	72	72	345
Dividends	23	0	-17 924	0	0	0	0	0	-17 924
Foreign currency differences		0	0	0	3 077	0	0	3 077	3 077
31.12.2021		598	135 472	-8	-1 079	-225 874	198 290	-28 663	107 399
Net profit of the period		0	0	0	0	0	25 999	25 999	25 999
Acquisition of treasury shares		0	0	-673	0	0	0	0	-673
Earn-out ¹		0	0	0	0	0	330	330	330
Disposal of treasury shares		0	0	636	0	0	-69	-69	567
Dividends	23	0	-19 716	0	0	0	0	0	-19 716
Foreign currency differences		0	0	0	-1 722	0	0	-1 722	-1 722
31.12.2022		598	115 756	-45	-2 801	-225 874	224 550	-4 125	112 184

¹ Earn-out from Vigodent SA Transaction (sold in 2020)
The consolidated financial statements have been prepared in accordance with Swiss GAAP FER.
The notes are part of COLTENE Group financial statements.

Notes to Group Financial Statements

General

The COLTENE Holding AG Board of Directors authorized these financial statements on 24 February 2023, for issue. The financial statements are subject to approval by the Annual General Meeting of Shareholders scheduled to take place on 19 April 2023.

Reporting Entity

COLTENE Holding AG, the holding company of the COLTENE Group (“the Group”), is a stock corporation according to the Swiss Code of Obligations. The Company’s legal domicile is in Altstätten, Switzerland. COLTENE Holding AG was founded on 15 December 2005, and has been listed on SIX Swiss Exchange since 23 June 2006. The Group is active in the dental consumables and small dental equipment market.

Operating Segments and Products

The Group develops, manufactures, and sells mainly via distribution channels a broad and comprehensive range of disposables, tools, and equipment for dentists and dental laboratories.

Accounting Policies

Basis of Preparation

The Group financial statements are based on the individual financial statements of the Group companies. They have been prepared in accordance with all existing guidelines of Swiss GAAP FER (Swiss Accounting and Reporting Recommendations). The consolidated financial statements have been prepared under the historical cost convention unless otherwise stated in the following consolidation and accounting policies. The financial year-end date for COLTENE Holding AG, all subsidiaries and the Group financial statements is 31 December. All amounts presented are denominated in CHF thousand (except otherwise noted). Swiss francs are the functional currency of the holding company as well as the presentation currency of the Group.

The preparation of financial statements requires the use of certain critical accounting estimates which could impact the assets, liabilities, and contingent liabilities at the balance sheet date as well as income and expenses of the reporting period. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies. If subsequently such judgments and estimates made by management differ

from the actual circumstances, the original judgments and estimates made are changed for the year in which the respective circumstances have occurred and are applied prospectively.

Scope and Principles of Consolidation

The investments in subsidiaries are included in the Group financial statements as follows:

- All subsidiaries that COLTENE controls are fully consolidated. Control is usually presumed where the Group directly or indirectly owns more than 50 % of the voting rights of the subsidiaries. All of the assets and liabilities as well as the income and expenses of these companies are fully included. Minority interests in the consolidated equity and net income are shown separately. All intercompany transactions and balances as well as intercompany profits in inventory and other assets are eliminated on consolidation.
- Those companies purchased during the reporting year are included in the consolidation as at the date on which control was effectively transferred. From the date of transfer of control all previously recognized assets and liabilities as well as contingent liabilities of the Company are valued initially at fair value. Companies that have been divested during the reporting year are included in the consolidated financial statements until the date on which control ceased.
- Joint ventures and investments with voting rights between 20 % and 50 % are recognized using the equity method. They are recognized with the proportionate equity as per balance sheet date and reported under financial assets in the balance sheet and as equity investments in the notes. The proportionate share of net income is shown as income (expense) in the consolidated income statement.
- Capital consolidation is based on the purchase method (acquisition method). Acquisition costs comprise the consideration paid, including the proportion of the purchase price retained for contractual representations and warranties, transaction costs, and contingent consideration. The latter is recognized at fair value on the transaction date. The net assets acquired are revalued at the acquisition date and compared with the purchase price, only previously recognized assets are revalued. Any resulting goodwill is directly offset against

equity. This approach is used for both positive and negative goodwill.

Foreign Currency Translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (functional currency). Transactions conducted in foreign currencies are converted into the functional currency at the exchange rate applicable on the transaction date and retranslated at year-end, e.g. accounts receivable and payable as well as loans in foreign currencies are shown at the year-end exchange rates. Gains and losses are reported in the income statement.

The statement of balance sheet and income statement of foreign subsidiaries are converted into Swiss francs (presentation currency) upon consolidation at the rate applicable at year-end respectively at the average exchange rate for the year. Differences resulting from the conversion into the Group presentation currency are recognized in equity. In the event of a sale of a subsidiary, foreign currency differences are taken into account as part of the gain or loss resulting from the sale.

The most important exchange rates are listed below:

The most important exchange rates

	31.12.2022	Ø 2022	31.12.2021	Ø 2021
1 USD	0.9232	0.9551	0.9122	0.9143
1 EUR	0.9847	1.0047	1.0331	1.0812
1 CAD	0.6819	0.7340	0.7178	0.7295

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits with banks and other short-term highly liquid investments with maturities of three months or less. Bank overdrafts are shown in current liabilities in the consolidated balance sheet.

Trade Accounts Receivable

Accounts receivable in respect of deliveries and services and other accounts receivable are generally due for settlement within 30 to 60 days and therefore are all classified as current. Trade receivables and other receivables are recognized initially at the amount of consideration that is unconditional. The Group holds

the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at nominal value less impairment, if any. Indications for impairment are: substantial financial problems of the customer, a declaration of bankruptcy, or a material delay in payment.

Inventories

Inventories are stated at the lower of weighted average cost and net realizable value. The cost of finished goods and work in progress comprises design costs, raw material, direct labor, other direct costs, and related production overheads (based on normal operating capacity). It excludes borrowing costs. Early payment discounts are treated as a deduction of the purchase price.

Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Value adjustments are made for obsolete and slow-moving items.

Tangible Fixed Assets

Property, plant, and equipment are stated on the balance sheet at the purchased or manufactured cost less accumulated depreciation. Depreciation is charged using the straight-line method over the estimated useful lives of the related assets. Land is not depreciated.

Leases in which the Company holds all significant risks and rewards of ownership are classified as financial leases. The respective assets are carried as property, plant, and equipment and are depreciated. The corresponding lease obligations are shown as financial liabilities. Leasing installments are allocated accordingly to capital repayments and interest expenses.

Class	Years
Land	no depreciation
Buildings	40 to 50
Building fixtures	10 to 20
Machinery	5 to 12
Office equipment and furniture	5 to 10
Vehicles, means of transportations	5 to 8
IT hardware	3 to 5
Other tangible fixed assets	3 to 5

Intangible Assets

Intangible assets contain software, patents, and others. They are stated at historical costs less amortization on a straight-line basis over the useful life. Intangible assets are amortized over the following periods:

Class	Years
Licences	5 to 20
Patents and technical know-how	5 to 20
Software	3 to 5
Development cost	3 to 10
Other intangible assets	individually

Impairment of Assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and the value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows (cash-generating units). Assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date except for goodwill, where a previously recorded impairment is not reversed in subsequent periods.

Financial Assets

Financial assets include loans. They are valued at nominal values less any value adjustments.

Trade Accounts Payables, Financial Liabilities, and Other Liabilities

Trade payables, financial liabilities, and other liabilities are recognized at nominal value.

Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of resources which can be reliably estimated will be required to settle the obligation. Such provisions are made to cover assurance type warranties and liability claims. Provisions for restructuring measures are made as soon as the corresponding decision is taken and communicated.

Cash outflow may differ from the amount provided for as it is based on assumptions and estimates available at that time.

Off-Balance-Sheet Transactions

Contingent liabilities originate from past transactions or events. The reliability of estimation and the probability of the outflow of resources do not meet the requirements to be recognized as provisions. If contingent liabilities lead to a probable outflow of resources and a reliable estimation of the outflow is possible, a corresponding provision is recognized.

Employee Benefit Obligations

Within COLTENE Group, pension plans for employees exist in accordance with the applicable country regulations. The economic impact of these pension plans on COLTENE Group is determined annually. For Swiss pension plans, economic benefits and/or economic obligations are determined on the basis of the annual financial statement prepared in accordance with Swiss GAAP FER 26. For foreign plans, the economic impact is determined according to country-specific methods.

An economic benefit is capitalized if it is permissible and intended to use the surplus of the pension fund for the Company's future pension expense. An obligation from a pension plan is recognized when the conditions for the recognition of a provision are met. Existing employer contribution reserves are recognized as a financial asset. Changes in the economic benefit or the economic obligation are recognized in the income statement as personnel expenses.

Share-Based Payments

All members of the Board of Directors receive a fixed number of shares (until 2021: a fixed amount in shares) with a blocking period of three years without any vesting conditions. Group Management receives a variable remuneration. Part of the variable remuneration is paid in shares with a blocking period of three years without any vesting conditions. The valuation of the shares takes place at the grant date, the related expense is recognized immediately in the income statement. For further details, see the description in the compensation report.

Income Taxes

All taxes payable on income for the financial year are provided for in full at the reporting date and in compliance with the applicable tax laws. According to the liability method, deferred income tax on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Group financial statements at enacted or substantially enacted tax rates on the reporting date is provided in full.

Deferred income tax is determined using tax rates and laws that have been enacted or substantially enacted at the balance sheet date and are expected to apply when the related deferred income tax asset is realized or deferred income tax liability is settled.

Deferred tax assets are recognized to the extent that future taxable profit will be available to use tax losses carried forward and temporary differences.

Net Sales

COLTENE generates revenues mainly from sales of products. These revenues are recognized upon delivery to the customer. Revenue is recorded if risks and rewards of the sold products are transferred to the customer or, when the service has been performed, depending on the terms of the sales contract. Sales are shown as a net amount in the income statement. They represent the total value of invoices to third parties reduced by sales taxes, credits for returns and reductions of revenue (primarily rebates and discounts).

Repair and Maintenance Costs

Repair and maintenance costs (included in other operating expenses) are recognized in the income statement when they occur.

Research and Development

Research costs are expensed in other operating expenses as incurred. Development costs are capitalized if they can be determined reliably and if it can be safely assumed that the project in question will be completed successfully and result in future benefits. Development costs capitalized are amortized on a straight-line basis over a maximum period of ten years.

Earnings per Share

Earnings per share are calculated by dividing the profit attributable to shareholders of the Group by the weighted average number of shares issued during the year excluding shares purchased by the Group and held as treasury shares.

Dividend and Capital Distribution

Dividend distribution to the Company's shareholders is recognized as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders, until paid out.

Acquisitions and Disposals

There were no acquisitions and disposals in the reporting year.

In the previous year, SciCan Medtech AG was merged into Coltène/Whaledent AG.

Significant Estimates and Judgments

The Group makes judgments and estimates concerning the future. The resulting accounting estimates therefore may not correspond to the actual results.

1 Net Sales

Net Sales from Contracts with Customers

The Group derives revenue from the transfer of goods and services at a point in time in the following major geographical regions and product lines:

Net sales by geographical regions

In CHF 1000	2022	2021
EMEA	94 750	97 635
North America	128 929	138 903
Latin America	14 693	12 178
Asia/Oceania	28 753	30 526
Net sales	267 125	279 242

Net sales by products and services

In CHF 1000	2022	2021
Infection Control	89 607	96 296
Dental Preservation	77 005	79 440
Efficient Treatment	100 513	103 506
Net sales	267 125	279 242

Net sales of TCHF 69 146 (previous year TCHF 63 734) corresponding to 25.9% of Group net sales (previous year 22.8%) were generated with one large distribution group. No other major customers exist.

In accordance with Swiss GAAP FER 31, the COLTENE Group has decided not to disclose detailed segment revenue. The disclosure of segment results would lead to considerable competitive disadvantages. COLTENE justifies its decision based on the following considerations:

- The main competitors of the COLTENE Group do not disclose segment results because they are either non-public companies or the dental businesses of large public companies are far too small for the disclosure of their sales or results. COLTENE would be the only player in the market providing such detailed information.
- The disclosure of segment information of the COLTENE Group would provide detailed information on margins, profitability of product groups, etc.
- Disclosing segment information would also provide information on product cost structures and pricing to competitors.

2 Personnel Expenses

The average workforce amounted to 1 223 employees (previous year 1 228). As per year-end 2022, 1 221 FTEs were employed (2021: 1 242 FTEs). Detailed information on personnel expenses:

Personnel expenses

In CHF 1000	2022	2021
Wages and salaries	73 364	72 935
Social Security Expenses	15 812	15 503
Other personnel expenses	4 055	5 976
Total	93 231	94 414

Personnel expenses include TCHF 261 (previous year TCHF 330) for share-based payment transactions with the Board of Directors and Group Management.

Since 2022 COLTENE maintains a share purchase program for its employees. Shares of the COLTENE Holding AG are sold to selected employees at a discount, which is charged to personnel expenses. The last share purchase program took place in 2022.

In 2022, COLTENE Group was entitled to short-time work compensation of TCHF 0 (previous year TCHF 89). Personnel expenses are presented net of such compensations.

3 Pension Liabilities

To complement the benefits provided by state-regulated pension schemes, COLTENE maintains additional employee pension plans for a number of subsidiaries. In accordance with local statutory requirements, COLTENE has no obligations to these pension plans beyond the amounts recognized as liabilities in the balance sheet and beyond the regulatory contributions and any recapitalization contributions that may become necessary.

The employee benefits expenditure only comprises contributions made to the benefit schemes at the expense of the Company. The pension plans with surplus are related to the staff pension scheme of Coltène/Whaledent AG in Switzerland. At 31 December 2022, the coverage rate amounted to 109.5 % (previous year 113.68 %) for the pension schemes in Switzerland.

Plan description (Switzerland)

Pension plans are regulated by the Swiss Federal Law on Occupational Retirement, Survivors' and Disability Pension Plans (LPP/BVG). The pension solution adopted for employees in Switzerland is affiliated to legally independent collective foundations or occupational benefits solutions offered by insurance companies. Plan participants are insured against the financial consequences of old age, disability, and death. The benefits are financed through regular employer and employee contributions. Employees in Switzerland are members of a multi-employer pension institution (Sammelstiftungsanschluss). The most senior governing body of the pension plan is the Board of Trustees, which consists of an equal number of employer and employee representatives.

Plan description (France)

Pension plans are regulated by French Law on general social security scheme (RGSS). The main post-employment defined benefit plans as adopted for the French companies concern the retirement termination benefits. Employee benefits for retirement bonuses and the agreement are based on the rights accumulated at the balance sheet date, according to the scale set out in the collective agreement or the Company-wide agreement.

Economic benefit/economic obligation and pension benefit expenses

In CHF 1000	Financial share of the organization		Change vs. Contributions prior year in the period		Pension benefit expense as part of personnel expense	
	31.12.2022	31.12.2021	2022	2022	2022	2021
Pension funds without surplus/deficit	0	0	0	2 010	2 010	2 224
Pension funds without own assets	678	948	-270	383	113	14
Total	678	948	-270	2 393	2 123	2 238

4 Other Operating Expenses

Other operating expenses

In CHF 1000	2022	2021
Production expenses	9 864	10 327
Marketing	8 604	7 990
Consulting	3 712	5 427
Selling and administration expenses	21 126	19 091
Other expenses	113	1
Total	43 419	42 836

In 2022, TCHF 8 568 (previous year TCHF 9 049) were spent on research and development and recorded as an expense in the income statement.

5 Financial Income and Expenses

Financial results

In CHF 1000	2022	2021
Interest income on cash and cash equivalents	34	23
Exchange rate differences and other financial income	45	57
Total financial income	79	80
Interest expenses for bank overdrafts and loans	-232	-415
Exchange rate differences and other financial expenses	-1 823	-2 260
Total financial expenses	-2 055	-2 675
Total financial result	-1 976	-2 595

6 Tax Expenses

Tax expenses comprise the following positions:

Tax expenses

In CHF 1000	2022	2021
Current taxes	7 266	10 834
Deferred taxes	-330	-1 341
Total	6 936	9 493

Tax expenses can be analyzed as follows:

Tax expenses

In CHF 1000	2022	2021
Net profit before tax expenses	32 935	41 201
Tax expenses at applicable tax rate of 22.7 % (23 %)	7 462	9 513
Effects of non-tax-deductible expenses	233	360
Effects of tax-exempt income/ income taxed at another rate	-795	1 663
Effects of tax loss not capitalized in current year	-3	1
Effects of tax loss used not capitalized in prior years	-122	-133
Effects of change in tax rate on deferred taxes	-3	-40
Tax adjustments prior years	214	173
Withholding tax not refundable	-22	656
Other impacts ¹	-28	-2 700
Actual tax expense	6 936	9 493
Effective tax rate in %	21.1 %	23.0 %

¹ Includes TCHF 0 effects from changes in investments (2021: TCHF -2 616)

The applicable tax rate represents a weighted average rate based on all Group companies. Compared to last year, the applicable tax rate decreased slightly from 23% to 22.7%. This decrease is mainly because entities with lower tax rates had proportionally higher profits in 2022 than in 2021.

The Group has the following tax-relevant losses to be carried forward:

Tax losses	2022	2021
In CHF 1000		
Tax losses capitalized		
Expiration between 1 and 5 years	249	273
Expiration over 5 years	0	0
Total	249	273
Deferred tax assets of capitalized tax losses		
Expiration between 1 and 5 years	76	71
Expiration over 5 years	0	0
Total	76	71
Tax losses not capitalized		
Expiration between 1 and 5 years	0	0
Expiration over 5 years	5 990	6 713
Total	5 990	6 713
Estimated tax effect of not capitalized tax losses		
Expiration between 1 and 5 years	0	0
Expiration over 5 years	1 797	1 880
Total	1 797	1 880

Tax losses not capitalized are mainly attributable to SciCan GmbH, Germany.

7 Deferred Taxes

Deferred tax assets and liabilities are based on the valuation differences between Group valuation and tax valuation in the following financial statement positions.

For the calculation of deferred income taxes in the consolidated balance sheet, the expected tax rate per tax subject is applied.

Deferred tax details	2022		2021	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
In CHF 1000				
Receivables and accruals	1 059	438	776	425
Inventories	2 585	574	1 953	464
Property, plant, and equipment	0	3 405	0	3 120
Intangible assets	102	45	116	34
Provisions	323	85	517	88
Deferred taxes from losses carried forward	76	0	71	0
Deferred taxes on equity reserves	0	265	0	265
Offset of deferred assets and liabilities	-1 935	-1 935	-2 123	-2 123
Total	2 210	2 877	1 310	2 273

8 Earnings per Share

Net profit amounts to TCHF 25 999 (previous year TCHF 31 708). Earnings per share (EPS) are calculated as follows:

	2022	2021
Weighted number of shares issued at 31.12. ¹	5 974 550	5 974 932
Earnings per share (based on net profit for the period)	CHF 4.35	CHF 5.31
Diluted earnings per share ² (based on net profit for the period)	CHF 4.35	CHF 5.31

¹ The weighted average number of shares takes into account the weighted average effect of changes in treasury share transactions.

² Basic earnings per share equal diluted earnings per share since there are no dilutive circumstances.

9 Trade Accounts Receivable

Trade accounts receivable

In CHF 1000	2022	2021
Trade accounts receivable from third parties (gross)	39 205	37 746
Allowance	-817	-777
Total trade accounts receivable (net)	38 388	36 969

Trade accounts receivable (gross) by maturity

In CHF 1000	2022	2021
Not due	30 485	25 742
Past due 1 to 30 days	5 850	7 191
Past due 31 to 60 days	1 219	1 574
Past due 61 to 90 days	755	945
Past due 91 to 120 days	193	546
Past due over 120 days	703	1 748
Total	39 205	37 746

Trade accounts receivable by maturity including allowance

In CHF 1000	2022	2021
Not due	30 362	25 675
Past due 1 to 30 days	5 847	7 191
Past due 31 to 60 days	1 219	1 574
Past due 61 to 90 days	755	945
Past due 91 to 120 days	93	522
Past due over 120 days	112	1 062
Total	38 388	36 969

As per 31 December 2022, no trade accounts receivable are pledged (previous year also none).

10 Financial Assets

Financial assets

In CHF 1000	2022	2021
Loans to third parties	371	367
Total financial assets	371	367

11 Other Short-term Receivables

Other short-term receivables

In CHF 1000	2022	2021
Net VAT/Tax receivables	1 862	1 885
Wage and T&E expenses advances	90	98
Prepayments for suppliers	605	201
Deposits	64	297
Other short-term receivables	677	552
Total	3 298	3 033

12 Prepaid Expenses and Deferred Income

Prepaid expenses and deferred income

In CHF 1000	2022	2021
Personnel expenses	313	14
Insurance costs	108	76
License fees	968	744
Exhibition and marketing expenses	105	206
Other prepaid expenses and deferred income	664	521
Total	2 158	1 561

13 Inventories

Inventories are as follows:

Inventories (net)

In CHF 1000	2022	2021
Raw materials	29 215	24 475
Work in progress	12 082	10 528
Finished goods	22 002	20 289
Trade merchandise	11 807	15 917
Prepayments to suppliers	2 251	3 864
Total inventories gross	77 357	75 073
Allowances	-12 290	-11 412
Total inventories net	65 067	63 661

No inventories are pledged as of 31 December 2022 and 2021.

14 Tangible Fixed Assets

Gross values

In CHF 1000

	Machinery and equipment	Land	Buildings (incl. inst.)	Assets under construction	Total
Value 31.12.2020	71 353	3 489	39 646	2 510	116 998
Additions	3 280	3	497	3 696	7 476
Disposals	-2 638	0	-22	-31	-2 691
Currency effects	239	-22	343	16	576
Reclassification	908	-352	810	-1 366	0
Value 31.12.2021	73 142	3 118	41 274	4 825	122 359
Additions	2 787	0	648	1 988	5 423
Disposals	-759	0	-489	-6	-1 254
Currency effects	-607	-27	-107	-10	-751
Reclassification	-501	0	4 759	-4 258	0
Value 31.12.2022	74 062	3 091	46 085	2 539	125 777

Accumulated depreciation

In CHF 1000

	Machinery and equipment	Land	Buildings (incl. inst.)	Assets under construction	Total
Value 31.12.2020	50 899	60	18 804	0	69 763
Depreciation	3 971	20	1 532	0	5 523
Disposals	-2 507	0	-109	0	-2 616
Currency effects	257	-1	240	0	496
Reclassification	0	-60	60	0	0
Value 31.12.2021	52 620	19	20 527	0	73 166
Depreciation	3 932	0	1 411	0	5 343
Disposals	-692	0	-347	0	-1 039
Currency effects	-334	1	-1	0	-334
Reclassification	-1 306	0	1 306	0	0
Value 31.12.2022	54 220	20	22 896	0	77 136

Net values

In CHF 1000

	Machinery and equipment	Land	Buildings (incl. inst.)	Assets under construction	Total
Value 31.12.2021	20 522	3 099	20 747	4 825	49 193
Thereof in finance lease value 31.12.2021	227	0	0	0	227
Value 31.12.2022	19 842	3 071	23 188	2 539	48 640
Thereof in finance lease value as of 31.12.2022	67	0	0	0	67

Contractual Commitments

As per 31 December 2022, no significant contractual commitments to acquire fixed assets were entered into apart from short-term commitments assumed in the normal course of business.

Finance Lease

The carrying value of plant and machinery held under finance leases and hire purchase contracts at 31 December 2022, was TCHF 67. Leased assets and assets under hire purchase contracts are pledged as security for the related finance lease and hire purchase liabilities.

Pledged Assets

No other property, plant, and equipment are pledged as of 31 December 2022 and 2021.

15 Operating Leasing

Operating leasing and rental commitments not recognized in the balance sheet are as follows:

Leasing

In CHF 1000	2022	2021
Not later than 1 year	1 920	2 386
1 to 5 years	5 377	6 819
Later than 5 years	3	5
Total	7 300	9 210
Total later than 1 year	5 380	6 824

For 2022, lease expenses amounted to TCHF 3 142 (previous year TCHF 3 655).

16 Intangible Assets

Gross values

In CHF 1000

	Software	Licences, Patents and Trademarks ²	Development cost ¹	Other intangible assets	Total
Value 31.12.2020	9 590	632	2 481	233	12 936
Additions	1 889	0	279	26	2 194
Disposal	-57	0	0	0	-57
Currency effects	-51	13	88	-9	41
Reclassification	-11	11	0	0	0
Value 31.12.2021	11 360	656	2 848	250	15 114
Additions	348	0	2 464	2	2 814
Disposal	-327	0	0	0	-327
Currency effects	-70	6	-128	-9	-201
Reclassification	981	67	-1 337	289	0
Value 31.12.2022	12 292	729	3 847	532	17 400

Accumulated amortization

In CHF 1000

	Software	Licences, Patents and Trademarks ²	Development cost	Other intangible assets	Total
Value 31.12.2020	7 858	557	693	233	9 341
Amortization	631	27	254	3	915
Disposal	-57	0	0	0	-57
Currency effects	-28	17	24	-9	4
Reclassification	0	0	0	0	0
Value 31.12.2021	8 404	601	971	227	10 203
Amortization	882	14	462	14	1 372
Disposal	-327	0	0	0	-327
Currency effects	-71	4	-9	-13	-89
Reclassification	-346	67	9	270	0
Value 31.12.2022	8 542	686	1 433	498	11 159

Net values

In CHF 1000

	Software	Licences, Patents and Trademarks	Development cost	Other intangible assets	Total
Value 31.12.2021	2 956	55	1 877	23	4 911
Value 31.12.2022	3 750	43	2 414	34	6 241

¹ Development cost charged from third parties.

² Licences, Patents, and Trademarks are shown combined, as each category itself is not material. The previous period has been adjusted accordingly.

No impairment was recognized for the periods presented.

17 Theoretical Goodwill

The goodwill of a purchased consolidated company is offset with equity at the date of the acquisition. The theoretical amortization of the goodwill is over the useful life of five years. A theoretical capitalization of the goodwill would have the following impact on the consolidated financial statements:

Theoretical goodwill

In CHF 1000	2022	2021
Value as of 1.1.	225 874	225 874
Additions from acquisitions	0	0
Disposals	0	0
Cost (gross) as of 31.12.	225 874	225 874
Accumulated translation adjustments	-19 848	-10 604
Value as of 31.12.	206 026	215 270

In CHF 1000	2022	2021
Accumulated amortization as of 1.1.	-157 152	-119 084
Amortization	-37 928	-38 068
Disposal	0	0
Accumulated amortization as of 31.12.	-195 080	-157 152

Theoretical book values net

In CHF 1000	2022	2021
As of 1.1.	58 118	90 688
As of 31.12.	10 946	58 118

Effect on income statement

In CHF 1000	2022	2021
Net profit	25 999	31 708
Amortization of goodwill	-37 928	-38 068
Theoretical net profit/loss (-) incl. amortization of goodwill	-11 929	-6 360

Theoretical book values net

In CHF 1000	2022	2021
Equity according to balance sheet	112 184	107 399
Theoretical capitalization of net book value of goodwill	10 946	58 118
Theoretical equity incl. net book value of goodwill	123 130	165 517

18 Financial Liabilities

The following tables show details of current bank loans as well as of non-current bank loans. Book values represent nominal values.

Financial liabilities

In CHF 1000	2022	2021
Bank loans	47 005	42 687
Leasing liabilities	67	156
Total current financial liabilities	47 072	42 843
Bank loans	0	4
Leasing liabilities	0	71
Total non-current financial liabilities	0	75
Total financial liabilities	47 072	42 918

Remaining life of leasing liabilities

In CHF 1000	2022	2021
<1 year	67	156
1-5 years	0	71
Total leasing liabilities	67	227

Current bank loans

In CHF 1000					2022
Maturity		Currency	Interest rate		
16.01.2023	unsecured	CHF	1.53 %		12 000
16.01.2023	unsecured	CHF	0.60 %		5 000
16.01.2023	unsecured	CHF	0.50 %		10 000
27.01.2023	unsecured	CHF	0.98 %		20 000
17.02.2023	unsecured	EUR	0.30 %		5
Total					47 005

Non-current bank loans

In CHF 1000					2022
Maturity		Currency	Interest rate		
Total					0

Current bank loans

In CHF 1000

Maturity		Currency	Interest rate	2021
21.01.2022	unsecured	USD	1.01 %	912
20.01.2022	unsecured	USD	0.95 %	912
16.02.2022	unsecured	USD	0.90 %	639
17.01.2022	unsecured	USD	0.84 %	639
13.01.2022	unsecured	CHF	0.70 %	35 000
09.02.2022	unsecured	CHF	0.72 %	4 500
13.06.2022	unsecured	EUR	0.70 %	31
17.07.2022	unsecured	EUR	0.30 %	51
31.12.2021	unsecured	EUR	1.35 %	3
Total				42 687

Non-current bank loans

In CHF 1000

Maturity		Currency	Interest rate	2021
17.07.2022	unsecured	EUR	0.30 %	4
Total				4

Credit lines amount to TCHF 182 418 (previous year TCHF 158 252) of which 26 % are used (previous year 27%). Covenants exist for selected bank loans. Covenants were met for both periods.

Total committed credit lines amount to TCHF 75 000 (previous year TCHF 75 000) of which TCHF 12 000 are used (previous year TCHF 35 000). Covenants were met for both periods.

The Group intends to repay the bank loans of TCHF 47 005 within less than twelve months and to finance cash needs by renewing existing bank loans.

19 Trade Accounts Payable

Trade accounts payable

In CHF 1000	2022	2021
Trade accounts payable from third parties	8 306	12 143
Total trade accounts payable	8 306	12 143

All accounts payable to suppliers fall due and will be paid within 120 days.

20 Other Short-term Liabilities

Other short-term liabilities

In CHF 1000	2022	2021
Net VAT obligations	660	410
Current income tax obligations	1 899	808
Prepayments from customers	271	364
Reclassifications of accounts receivables	745	544
Other short-term liabilities	1 324	1 238
Total	4 899	3 364

21 Accrued Liabilities and Deferred Income

Accrued liabilities and deferred income

In CHF 1000	2022	2021
Bonus, vacations, payroll taxes	4 717	6 887
Sales bonus	1 780	1 553
Social security	413	854
Outstanding invoices	1 203	279
Other accrued liabilities and deferred income	3 542	4 479
Total	11 655	14 052

22 Provisions

The column “Provision for guarantees & other provisions” mainly contains provisions for estimated guarantees for product repairs or product replacement based on past experience for guarantee claims that cannot be insured and are based on the assessment of specific cases. The column “Provision for legal cases” covers the risk of litigation and employment contract termination benefits. For short-term provisions, a capital outflow is expected within one year. A capital outflow from long-term provisions is expected in the next one to five years.

Provisions are as follows:

Provisions

In CHF 1000	Provision for guarantees & other provisions	Provision for employee benefit obligations	Provision for legal cases	Total
31.12.2020	2 321	1 041	698	4 060
Additions	524	42	1 323	1 889
Reversals	-224	-74	-312	-610
Used	-348	-18	-276	-642
Currency effects	-43	-43	-22	-108
31.12.2021	2 230	948	1 411	4 589
Additions	1 046	0	23	1 069
Reversals	-87	-26	-159	-272
Used	-520	-199	-962	-1 681
Currency effects	-78	-45	22	-101
31.12.2022	2 591	678	335	3 604

Provision by maturity

In CHF 1000	Provision for guarantees & other provisions	Provision for employee benefit obligations	Provision for legal cases	Total
31.12.2021				
Short-term provisions	574	0	1 411	1 985
Long-term provisions	1 656	948	0	2 604
Total	2 230	948	1 411	4 589
31.12.2022				
Short-term provisions	808	0	335	1 143
Long-term provisions	1 783	678	0	2 461
Total	2 591	678	335	3 604

23 Equity

The share capital represents the capital of COLTENE Holding AG. Treasury stock on 31 December 2022, included 568 shares (previous year 84). In the reporting period 7 350 treasury shares (previous year 3 129) were purchased and 6 866 treasury shares (previous year 3 064) were disposed of due to share-based compensation (2 866, previous year 3 064) or employee share purchase programs (4 000, previous year 0).

Treasury shares

in CHF	2022		
	Number	Transaction price (Ø)	Acquisitions costs
As of 1.1.	84	89.77	7 541
Acquisitions	7 350	91.59	673 193
Disposals	-4 000	80.05	-320 208
Share-based compensation	-2 866	109.93	-315 056
As of 31.12.	568	80.05	45 470

in CHF	2021		
	Number	Transaction price (Ø)	Acquisitions costs
As of 1.1.	19	89.46	1 700
Acquisitions	3 129	89.22	279 180
Share-based compensation	-3 064	89.21	-273 339
As of 31.12.	84	89.77	7 541

The outstanding capital consists of 5 975 580 (previous year 5 975 580) registered shares of CHF 0.10 (previous year CHF 0.10) par value per share. All shares are issued and fully paid. There is no conditional or authorized capital.

The non-distributable reserves in group equity amounted to TCHF 1 052 as at 31 December 2022.

Based on the General Meeting decision on 21 April 2022, the Company paid out from capital contribution reserves CHF 3.30 (previous year CHF 3.00 paid out from capital contribution reserves) per share to its shareholders on 27 April 2022. The total amount paid was TCHF 19 716 (previous year TCHF 17 924).

The distribution of CHF 3.30 per share will be proposed to the General Meeting on 19 April 2023.

24 Transactions with Related Parties

Related parties (persons and companies) are Board members, members of Group Management, pension funds, important shareholders, and companies controlled by them. Transactions with related parties are generally conducted based on usual market conditions.

Relationships with Related Parties

General Disclosures

Group Management

In the reporting period and the prior year period, the members of Group Management received no other payments or remuneration except the ordinary remuneration as explained in the compensation report on pages 74 to 83 and in the notes to the closing of COLTENE Holding AG on page 120. In the years under review, the members of Group Management and related persons did not receive any other compensation for additional services for COLTENE Holding AG or one of its subsidiaries.

Board of Directors

In the reporting period and the prior year period, the members of the Board of Directors received no other payments and remuneration except the ordinary remuneration as explained in the compensation report on pages 74 to 83 and in the notes to the closing of COLTENE Holding AG on page 120. All Board members are non-executive and have no material business interest with the COLTENE Group. In 2022, the law firm Lenz & Staehelin, Zürich, where Astrid Waser is partner, received CHF 12 000 (2021: CHF 46 000). Lenz & Staehelin acted as an advisor to the Board of Directors and Group Management.

In the years under review, the members of the Board of Directors and related persons did not receive any compensation for additional services for COLTENE Holding AG or one of its subsidiaries.

Loans to Directors and Group Management

In the years under review, COLTENE Holding AG or its subsidiaries did not grant any loans, credits, guarantees, or advances to the members of the Board of Directors, Group Management, or related persons to them.

Pension funds

Depending on the local legislation in the countries of the COLTENE Group companies, various pension schemes are in place. In the periods under review, there were no extraordinary transactions between the pension funds and the related Group companies except the payments of the ordinary annual contributions.

Business Relationships with Related Parties

Business transactions with other related parties in the year under review and the prior year were as follows:

Rent of production, warehouse and office buildings

The COLTENE Group rented production, warehouse and office space from companies that are controlled by a major shareholder of COLTENE Holding AG.

In CHF 1000	2022	2021
Rent of production and office buildings	987	986

The conditions of the leasing contracts are based on usual market conditions. The rental agreement for the production and office building in Toronto ends on 31 December 2026. The total duration is ten years.

Suppliers

A COLTENE Group company maintains a business relationship with a company held by a major shareholder of COLTENE Holding AG. COLTENE buys parts from the respective supplier at market-based prices that other suppliers can provide also. The invoice payment is due within 30 days and is paid in Euros. There is no charging of late interest expenses.

In CHF 1000	2022	2021
Annual purchase value	2 569	2 874
Payables	74	578

25 Subsequent Events

As per the release date of this Annual Report, the Board of Directors and the Executive Management were not aware of any further important events subsequent to the reporting date.

26 Group Companies

Company	Activity	Currencies	Registered capital	Group ownership 2022	Group ownership 2021	Consolidation principles ⁵
COLTENE Holding AG, Altstätten CH	4	CHF	597 558	n.a.	n.a.	F
Coltène/Whaledent AG, Altstätten CH	1	CHF	1 600 000	100 %	100 %	F
Coltène/Whaledent Vertriebsservice und Marketing GmbH, Altstätten CH	2	CHF	20 000	100 %	100 %	F
Coltène/Whaledent GmbH + Co. KG, Langenau DE	1	EUR	1 850 000	100 %	100 %	F
Dentalia Kft., Bicske HU	1	HUF	3 000 000	100 %	100 %	F
ROEKO Verwaltungs GmbH, Langenau DE	4	EUR	30 000	100 %	100 %	F
Coltène/Whaledent Ltd., Burgess Hill GB	2	GBP	200 000	100 %	100 %	F
Coltène/Whaledent S.à.r.l., Lezennes FR	2	EUR	503 000	100 %	100 %	F
Coltène Italy S.r.l., Milano IT	2	EUR	10 000	100 %	100 %	F
Coltène Iberia S.L., Madrid ES	2	EUR	10 000	100 %	100 %	F
Coltene Turkey Diş Sağlığı Ürünleri Ltd. Şti, Istanbul TR	2	TRY	20 000	100 %	100 %	F
Coltène/Whaledent Dental Materials & Equipment Trading Co. Ltd, Beijing CN	3	CNY	10 000 000	100 %	100 %	F
Coltène/Whaledent Private Limited, Mumbai IN	3	INR	64 800 000	100 %	100 %	F
Coltene Japan LLC, Tokyo JP	3	JPY	1 400 000	100 %	100 %	F
Coltene Australia Pty Ltd., Sydney AU	3	AUD	15 000	100 %	100 %	F
DentalDrives GmbH, Leutkirch DE	4	EUR	100 000	100 %	100 %	F
Micro-Mega International, Besançon FR	4	EUR	419 700	100 %	100 %	F
Micro-Mega SA, Besançon FR	1	EUR	2 900 000	100 %	100 %	F
Coltène/Whaledent Inc., Cuyahoga Falls US	1	USD	8 400 000	100 %	100 %	F
Diatech Inc., Mount Pleasant US	3	USD	100 000	100 %	100 %	F
Coltene do Brasil Ltda, Rio de Janeiro BR	2	BRL	10 000	100 %	100 %	F
Kenda AG, Vaduz FL	1	CHF	50 000	100 %	100 %	F
SciCan Ltd., Toronto CAN	1	CAD	729	100 %	100 %	F
SciCan GmbH, Leutkirch DE	3	EUR	25 564	100 %	100 %	F

¹ Production and sales of dental specialities

² Sales services and marketing of dental specialities

³ Sales of dental specialities

⁴ Holding company

⁵ F = Full consolidation

Non-Swiss GAAP FER Measures as Defined by COLTENE Group

COLTENE Group uses certain non-Swiss GAAP FER metrics when measuring performance, especially when measuring current-year results against prior periods, including core results, constant currencies, free cash flow, and net debt. Despite the use of these measures by management in setting goals and measuring the Group's performance, these are non-Swiss GAAP FER measures that have no standardized meaning prescribed by Swiss GAAP FER. As a result, such measures have limits in their usefulness to investors. Because of their non-standardized definitions, the non-Swiss GAAP FER measures (unlike Swiss GAAP FER measures) may not be comparable to the calculation of similar measures of other companies. These non-Swiss GAAP FER measures are presented solely to permit investors to more fully understand how the Group's management assesses underlying performance. These non-Swiss GAAP FER measures are not, and should not be viewed as, a substitute for Swiss GAAP FER measures. As an internal measure of Group performance, these non-Swiss GAAP FER measures have limitations, and the Group's performance management process is not solely restricted to these metrics.

Growth Rate Calculation

For ease of understanding, COLTENE Group uses a sign convention for its growth rates such that a reduction in operating expenses or losses compared to the prior year is shown as a positive growth.

Free Cash Flow

Free cash flow is presented as additional information because management believes it is a useful supplemental indicator of the Group's ability to operate without reliance on additional borrowing or use of existing cash. Free cash flow is a measure of the net cash generated that is available for debt repayment and for returning to shareholders. Free cash flow is a non-Swiss GAAP FER measure, which means it should not be interpreted as a measure determined under Swiss GAAP FER. Free cash flow is not intended to be a substitute measure for cash flow from operating activities as determined under Swiss GAAP FER.

COLTENE Group's definition of free cash flow includes cash flow from operating activities and cash flow from investing activities.

Net Debt

Net debt is presented as additional information because management believes it is a useful supplemental indicator of the Group's ability to pay dividends, to meet financial commitments, and to invest in new strategic opportunities, including strengthening its balance sheet. Net debt is a non-Swiss GAAP FER measure, which means it should not be interpreted as a measure determined under Swiss GAAP FER.

COLTENE Group defines net debt as current and non-current financial debt less cash and cash equivalents, current investments, and derivative financial instruments.

EBITDA

COLTENE Group defines earnings before interest, tax, depreciation, and amortization (EBITDA) as operating income from continuing operations excluding depreciation of property, plant, and equipment (including any related impairment charges), and amortization of intangible assets (including any related impairment charges).

Leverage Factor

The COLTENE Group relates interest-bearing debt to EBITDA to determine the leverage factor. A leverage ratio is any one of several financial measurements that look at how much capital comes in the form of debt (loans), or assesses the ability of a company to meet its financial obligations. The leverage ratio is important given that companies rely on a mixture of equity and debt to finance their operations and knowing the amount of debt held by a company is useful in evaluating whether it can pay its debts off as they come due.

Report of the Statutory Auditor

To the General Meeting of COLTENE Holding AG, Altstätten
St. Gallen, February 24, 2023



Report of the Statutory Auditor on the Consolidated Financial Statements

Opinion



We have audited the consolidated financial statements of COLTENE Holding AG and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31

December 2022, the consolidated income statement, the consolidated cash flow statement, the consolidated statement of changes in equity for the year then ended, and notes to group financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements (pages 90 to 111) give a true and fair view of the consolidated financial position of the Group as at 31 December 2022 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Swiss GAAP FER and comply with Swiss law.

Basis for opinion



We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). 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, 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 (pages 90 to 111).

Valuation of Inventory

Area of Focus

The total balances of inventory and inventory allowance as of December 31, 2022 amount to CHF 77.4 million and CHF 12.3 million, respectively, as described in note 13. We focused on this position because the gross inventory and related allowance are material to the financial statements, involve a level of judgment and are subject to uncertainty due to market demand changes.

Our Audit Response

We assessed the process, method and assumptions used to identify slow moving, excess or obsolete items and to calculate the related allowance. We completed procedures to assess the amount of the allowance including a comparison of management's calculations for consistency against those used in the prior year. We tested the underlying data used by management to calculate the inventory allowance, typically an aged inventory analysis with the latest movements, by re-performing the ageing calculation determined by the ERP-system. We also tested the accuracy of the calculation by assessing the calculation criteria. Furthermore, we compared the net realizable value with the carrying value for a sample of products.

Our audit procedures did not lead to any reservations relating to the method and the assumptions used to calculate the valuation of inventory.

Other information



The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements, the compensation report and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information 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 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.

Board of Directors' responsibilities for the consolidated financial statements



The Board of Directors is responsible for the preparation of the consolidated financial statements, which give a true and fair view in accordance with Swiss GAAP FER 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 and SA-CH 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 on EXPERTsuisse's website at: <https://www.expertsuisse.ch/en/audit-report>. This description forms an integral part of our report.

Report on other legal and regulatory requirements



In accordance with Art. 728a para. 1 item 3 CO and PS-CH 890, we confirm that an internal control system exists, which has been designed for the preparation of the 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

Iwan Zimmermann
Licensed audit expert
(Auditor in charge)

Erik Zeller
Licensed audit expert