

Income Statement COLTENE Holding AG

In CHF	2022	2021
Dividend income	5 000 000	27 902 798
Other financial income	466 299	194 421
Other operating income	0	200 000
Total income	5 466 299	28 297 219
Financial expenses	-819 660	-464 205
Personnel expenses	-881 779	-719 217
Other operating expenses	-578 474	-385 694
Impairment loss on investments	0	-18 042 885
Tax expenses	-1 252	-1 108 045
Total expenses	-2 281 165	-20 720 046
Profit/loss(-) of the year	3 185 134	7 577 173

Balance Sheet COLTENE Holding AG

In CHF	31.12.2022	31.12.2021
Cash and cash equivalents	2 774 745	2 306 789
Other accounts receivable from third parties	726 781	239 550
Other accounts receivable from subsidiaries	28 121	40 172
Current assets	3 529 647	2 586 511
Long-term receivables from subsidiaries	8 980 784	15 483 043
Investments in subsidiaries	187 109 911	187 109 911
Non-current assets	196 090 695	202 592 954
Total assets	199 620 342	205 179 465
Trade accounts payable to third parties	5 475	14 253
Current interest-bearing liabilities to third parties	47 000 000	42 601 310
Other accounts payable to third parties	20 000	15 000
Other accounts payable to subsidiaries	6 500 986	12 771
Accrued liabilities and deferred income to third parties	183 878	127 846
Short-term provisions	158 456	88 314
Current liabilities	53 868 795	42 859 494
Share capital	597 558	597 558
Legal reserves from retained earnings	119 512	119 512
Capital contribution reserves without foreign reference	49 983 127	49 983 127
Capital contribution reserves with foreign reference	55 273 138	74 988 767
Voluntary reserves from retained earnings	36 638 548	29 061 375
Treasury shares	-45 470	-7 541
Profit/loss(-) of the year	3 185 134	7 577 173
Total equity	145 751 547	162 319 971
Total liabilities and equity	199 620 342	205 179 465

Statements of Changes in Equity COLTENE Holding AG

In CHF	Share capital	Statutory reserves	Capital contribution reserves	Treasury shares	Net income brought forward	Total
31.12.2020	597 558	119 512	142 896 294	-1 670	29 061 375	172 673 068
Distribution to shareholders	0	0	-17 924 400	0	0	-17 924 400
Allocation to the legal reserves	0	0	0	0	0	0
Change in treasury shares	0	0	0	-5 871	0	-5 871
Profit/loss(-) of the year	0	0	0	0	7 577 173	7 577 173
31.12.2021	597 558	119 512	124 971 894	-7 541	36 638 548	162 319 971
Distribution to shareholders	0	0	-19 715 629	0	0	-19 715 629
Allocation to the legal reserves	0	0	0	0	0	0
Change in treasury shares	0	0	0	-37 929	0	-37 929
Profit/loss(-) of the year	0	0	0	0	3 185 134	3 185 134
31.12.2022	597 558	119 512	105 256 265	-45 470	39 823 682	145 751 547

Notes to COLTENE Holding AG

Principals

The financial statements of COLTENE Holding AG, Altstätten, were prepared according to the provisions of the Swiss Law on Accounting and Financial Reporting (32nd title of the Swiss Code of Obligations). Where not prescribed by law, the significant accounting and valuation principles applied are described below. It should be noted that to ensure the Company's going concern, the Company's financial statements may be influenced by the creation and release of hidden reserves.

Financial Assets

Financial assets include long-term loans. Loans granted in foreign currencies are translated at the rate at the balance sheet date.

Treasury Shares

Treasury shares are recognized at weighted average cost and deducted from shareholders' equity at the time of acquisition. In case of a resale, the gain or loss is recognized through the income statement as financial income or financial expenses.

Investments

Investments include securities with a long-term holding period and are valued individually at their acquisition cost adjusted for impairment losses. Investments are tested on an annual base for impairment needs.

Foregoing Additional Disclosures in the Notes

As COLTENE Holding AG has prepared its consolidated financial statements in accordance with a recognized accounting standard (Swiss GAAP FER), it has decided to forego presenting additional information on interest-bearing liabilities and audit fees in the notes as well as a cash flow statement and a management report in accordance with the law.

Full-Time Equivalents

COLTENE Holding AG has no employees.

Contingent liabilities

	31.12.2022	31.12.2021
Joint and several liability from group taxation for current and future value-added tax liabilities of Coltène/Whaledent AG and Coltène/Whaledent Vertriebservice und Marketing GmbH	p. m.	p. m.

Investments in Subsidiaries

The major investments in subsidiaries are listed in note 26 on page 111 of this Annual Report.

Impairment Loss on Investments

There are no impairment losses reported in the current period. The impairment losses reported in the previous reporting period are related to the dividend issued by SciCan Ltd. on 18 June 2021, in the sum of CHF 8 893 790 where the investment in SciCan Ltd. has been reduced by the same amount. In 2021, Kenda AG has discontinued its business activities. This resulted in an impairment loss of CHF 9 149 095 in the reporting period.

Subsequent Events

As per the release date of these financial statements, the Board of Directors and the Executive Management were not aware of any further important events subsequent to the reporting date.

Treasury shares

	Average rate of transactions in CHF	Quantity
Inventory as of 01.01.2021		19
Acquisitions	89.22	3 129
Sales	89.21	-3 064
Inventory as of 31.12.2021		84
Acquisitions	91.59	7 350
Sales	92.52	-6 866
Inventory as of 31.12.2022		568

Significant shareholders¹

	31.12.2022	31.12.2021
HUWA Finanz- und Beteiligungs AG, Heerbrugg	22.42%	22.35%
Arthur Zwingenberger, Luzern	17.28%	17.28%
Rätikon Privatstiftung, Bludenz/Austria	12.30%	11.45%
Robert Heberlein, Zumikon	4.15%	4.05%
Credit Suisse Asset Management Funds AG, Zürich	3.23%	3.48%
UBS Fund Management (Switzerland) AG, Zürich	3.18%	3.22%

¹ The Company is aware of the following registered shareholders who own 3 % or more of the shares. For more details see page 48.

Number of shares held by Board of Directors

	31.12.2022	31.12.2021
Nick Huber, Chairman	27 148	24 269
Erwin Locher, member	1 358	1 623
Jürgen Rauch, member	769	634
Matthew Robin, member	4 769	4 692
Astrid Waser, member	589	454
Roland Weiger, member	1 890	1 555
Allison Zwingenberger, member	394	259
Total	36 917	33 486

Number of shares held by Executive Management

	31.12.2022	31.12.2021
Martin Schaufelberger, CEO	7 552	9 131
Markus Abderhalden, CFO ¹	0	n.a.
Werner Barth, Vice President Marketing	1 950	1 811
Stefan Helsing, COO	21 055	20 738
Christophe Loretan, Vice President Sales Europe/RoW	916	548
Martin Schlüter, Vice President R&D/Innovation	163	80
Paul Frey, Vice President Sales NAM ¹	0	n.a.
Gerhard Mahrle ²	n.a.	3 728
John Westermeier ²	n.a.	455
Total	31 636	36 491

¹ New members of Group Management appointed on 1 January 2022.

² Gerhard Mahrle retired at the end of December 2021 from his position as CFO and John Westermeier left COLTENE at the end of June 2021.

Remuneration of the Board of Directors

In CHF	Base remuneration		Other remuneration	Total
	in cash	in shares ¹	Social security ²	
2021				
Nick Huber	80 000	20 000	14 254	114 254
Erwin Locher	70 000	10 000	9 515	89 515
Jürgen Rauch	60 000	10 000	0	70 000
Matthew Robin	70 000	10 000	11 502	91 502
Astrid Waser	60 000	10 000	9 890	79 890
Roland Weiger	60 000	10 000	10 044	80 044
Allison Zwingenberger	60 000	10 000	10 044	80 044
Total	460 000	80 000	65 249	605 249
2022				
Nick Huber	80 000	26 989	15 107	122 096
Erwin Locher	70 000	13 506	9 877	93 383
Jürgen Rauch	60 000	13 506	0	73 506
Matthew Robin	70 000	13 506	11 935	95 441
Astrid Waser	60 000	13 506	10 477	83 983
Roland Weiger	60 000	13 506	10 477	83 983
Allison Zwingenberger	60 000	13 506	10 477	83 983
Total	460 000	108 025	68 349	636 374

¹ The number of shares granted for 2021 is calculated based on the weighted average share price of the month of April of the subsequent year. For the period of the beginning of 2022 until AGM 2022, the fixed number of shares granted is calculated based on the weighted average share price of the month April 2022, and for the period from the AGM 2022 until the end of the year, the outstanding shares are calculated at a share price of CHF 76.20 (as of year-end 2022). The outstanding shares will be transferred after the AGM of the following year at the weighted average share price for the month of April. The higher amount of the compensation in shares in 2022 is a result of the change in the compensation (fixed number of shares instead of a fixed amount of money in shares).

² Company paid social security contributions incl. AHV, IV, and ALV.

Remuneration of Group Management

In CHF	Base remuneration	Variable remuneration ¹		Other remuneration		Total
	in cash	in cash	in shares ²	Social security ³	Other benefits	
2021						
Martin Schaufelberger	410 507	328 000	76 859	167 125	15 519	998 010
Other members	1 524 304	736 305	172 798	399 931	31 979	2 865 317
Total	1 934 811	1 064 305	249 657	567 056	47 498	3 863 327
2022						
Martin Schaufelberger	410 507	169 576	28 616	171 471	14 482	794 652
Other members	1 426 318	270 448	45 260	340 365	20 026	2 102 417
Total	1 836 825	440 024	73 876	511 836	34 508	2 897 069

¹ The variable remuneration, which includes cash bonus and shares, is not paid out in the reporting period. It is accrued for and paid out in the following year based on the decision of the Board of Directors.

² The value of shares granted in 2022 for the financial year 2021 is calculated based on the share price at closing of the grant date (CHF 106.00 on 23 February 2022). For 2022, the shares are calculated at a share price of CHF 73.00 (date of determination by the Board of Directors on 24 February 2023). Shares are transferred in the following financial year, subject to approval by the Annual General Meeting.

³ Company paid social security contributions incl. pension fund payments, AHV, IV, ALV, NBU, and KTG.

Proposed Appropriation of Disposable Profit and Dividend Distribution

In CHF	2022	2021
Allocation of the profit of the year		
Net income carried forward from prior-year	36 631 005	29 059 703
Profit/loss(-) of the year	3 185 134	7 577 173
Transfer to reserves for treasury stocks	-37 929	-5 871
Allocation to the legal reserves	0	0
Total amount at the disposal of the AGM	39 778 210	36 631 005
Balance to be carried forward	39 778 210	36 631 005
Distribution out of reserves from capital contributions		
Available reserves from capital contributions without foreign reference	49 983 127	49 983 127
Available reserves from capital contributions with foreign reference	55 273 138	74 988 767
Total available capital contribution reserves	105 256 265	124 971 894
Distribution to shareholders of CHF 3.30 per share without treasury shares* from capital contribution reserves with foreign reference	-19 719 414	-19 715 629
Available capital contribution reserves after distribution		
without foreign reference	49 983 127	49 983 127
with foreign reference	35 553 724	55 273 138
Total capital contribution reserves	85 536 851	105 256 265

* Amount will be adapted according to the number of treasury shares.

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 Financial Statements

Opinion



We have audited the financial statements of COLTENE Holding AG (the Company), which comprise the balance sheet as at 31 December 2022, the incomestatement, the statements of changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements (pages 116 to 121) comply with Swiss law and the Company's articles of incorporation.

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 financial statements" section of our report. We are independent of the Company 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 financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the "Auditor's responsibilities for the audit of the 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 financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the financial statements (pages 116 to 121).

Valuation of investments

Area of Focus

The valuation of investments in accordance with the provisions of the Swiss Code of Obligations is important to our statutory audit as it represents a significant judgment area. Investments as at balance sheet date represent 93.7% of the total assets of COLTENE Holding AG. In performing the impairment testing for investments, the company used various assumptions in respect of future market and economic conditions, market share, revenue growth and margin development.

Our audit response

Our audit procedures included an assessment and test of the assumptions, methodology, the weighted average cost of capital and other data used by the company, for example by comparing them to external data, such as expected inflation rates, external market growth expectations and by analyzing sensitivities in COLTENE's valuation model. Furthermore, we included in our team a valuation specialist to assist us with these procedures. We specifically focused on the sensitivity by evaluating whether a reasonably possible change in assumptions could cause the carrying amount to exceed its recoverable amount. We also assessed the historical accuracy of the Board of Management's estimates.

Our audit procedures did not lead to any reservations relating to the used assumptions, the methodology and the weighted average cost of capital and the other data used.

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 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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 financial statements



The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the Company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements



Our objectives are to obtain reasonable assurance about whether the 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 financial statements.

A further description of our responsibilities for the audit of the 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 financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings and the proposed repayment of legal capital contribution reserves comply with Swiss law and the Company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

Ernst & Young Ltd



Iwan Zimmermann
Licensed audit expert
(Auditor in charge)



Erik Zeller
Licensed audit expert