

**CeramTec TopCo GmbH**  
**Plochingen**

**Interim Condensed  
Consolidated Financial Statements  
for the period ended  
31 March 2021**

**CeramTec TopCo GmbH, Plochingen**

**Interim condensed consolidated statement of financial position as at 31 March 2021**

<b>Assets</b>	<b>Notes</b>	<b>31 March 2021</b>	<b>31 December 2020</b>
		EUR k	EUR k
Goodwill	4.1	899,293	874,613
Other intangible assets	4.1	986,846	976,472
Property, plant and equipment	4.2	280,862	278,689
Other financial assets	4.3	11,302	10,275
Other assets	4.4	4,041	4,078
Deferred tax assets		1,033	934
<b>Non-current assets</b>		<b>2,183,377</b>	<b>2,145,061</b>
Inventories		99,645	91,565
Trade receivables	4.5	83,073	51,880
Income tax receivables		2,811	3,015
Other financial assets	4.3	2,552	3,262
Other receivables and assets	4.4	8,791	8,303
Cash and cash equivalents	4.6	200,598	244,118
<b>Current assets</b>		<b>397,470</b>	<b>402,143</b>
<b>Total Assets</b>		<b>2,580,847</b>	<b>2,547,204</b>

**CeramTec TopCo GmbH, Plochingen**

**Interim condensed consolidated statement of financial position as at 31 March 2021**

<b>Equity and Liabilities</b>	<b>Notes</b>	<b>31 March 2021</b>	<b>31 December 2020</b>
		EUR k	EUR k
Issued capital	4.7	25	25
Capital reserves	4.7	780,371	780,371
Accumulated losses	4.7	-571,403	-598,134
Accumulated other comprehensive income	4.7	-1,590	-1,305
<b>Equity</b>		<b>207,403</b>	<b>180,957</b>
Provisions for pension obligations		111,255	124,350
Other provisions		2,836	2,761
Financial liabilities to affiliates	4.8	278,515	273,523
Financial liabilities to third parties	4.9	1,601,607	1,597,098
Other liabilities	4.10	2,878	3,763
Deferred tax liabilities		272,469	270,110
<b>Non-current liabilities</b>		<b>2,269,560</b>	<b>2,271,605</b>
Other provisions		18,715	15,797
Provision for taxes		6,128	3,929
Financial liabilities to affiliates	4.8	0	312
Financial liabilities to third parties	4.9	30,718	23,973
Trade payables		22,682	29,034
Other liabilities	4.10	25,641	21,597
<b>Current liabilities</b>		<b>103,884</b>	<b>94,642</b>
<b>Total liabilities</b>		<b>2,373,444</b>	<b>2,366,247</b>
<b>Total equity and liabilities</b>		<b>2,580,847</b>	<b>2,547,204</b>

**CeramTec TopCo GmbH, Plochingen**

**Interim condensed consolidated statement of comprehensive income**

**from 1 January to 31 March 2021**

	Notes	1 January to 31 March 2021	1 January to 31 March 2020
		EUR k	EUR k
Revenue	3.1	168,428	158,118
Cost of sales	3.2	93,188	89,221
<b>Gross profit</b>		<b>75,240</b>	<b>68,897</b>
Selling costs	3.3	25,289	23,800
Research and development costs	3.4	5,933	5,816
General administrative costs	3.5	5,916	5,963
Other income and expenses (-), net	3.6	1,353	1,830
<b>Operating income</b>		<b>39,455</b>	<b>35,148</b>
Interest income and other finance income		5,851	382
Interest expenses and other finance costs		22,164	49,384
<b>Financial result</b>	3.7	<b>-16,313</b>	<b>-49,002</b>
<b>Profit / loss (-) before income tax</b>		<b>23,142</b>	<b>-13,854</b>
Income tax benefit / expense (-)		-6,695	2,729
<b>Net profit / net loss (-) for the period</b>		<b>16,447</b>	<b>-11,125</b>
<b>Items that will not be reclassified through profit or loss</b>			
Income / expenses (-) from the remeasurement of pension provisions		14,464	16,885
Deferred taxes		-4,179	-4,876
		<b>10,285</b>	<b>12,009</b>
<b>Items that may be reclassified subsequently to profit or loss</b>			
Losses (-) / gains on cash flow hedges		288	-956
Deferred taxes		-83	276
		<b>205</b>	<b>-680</b>
Exchange differences on translation of foreign operations		-490	-2,359
<b>Other comprehensive income, net of income tax</b>		<b>10,000</b>	<b>8,970</b>
<b>Total comprehensive income / loss (-)</b>		<b>26,447</b>	<b>-2,155</b>

**Interim condensed consolidated statement of cash flows  
from 1 January to 31 March 2021**

	1 January to 31 March 2021 EUR k	1 January to 31 March 2020 EUR k
Net profit / net loss (-) for the period	16,447	-11,125
Income tax expense / benefit (-)	6,695	-2,729
Interest result	19,837	18,683
Amortisation, depreciation and impairment charges of non-current assets	27,221	26,770
Gain (-) / loss on disposal of property, plant and equipment and intangible assets	6	-55
Increase in provisions (excluding deferred taxes)	3,470	1,340
Income tax payment (-)	-8,995	-8,142
Other non-cash income (-) / expenses, net	-1,319	28,343
Increase (-) in inventories	-3,811	-3,453
Increase (-) in trade receivables	-30,491	-19,079
Decrease in other receivables and (financial) assets	715	77
Decrease (-) in trade payables	-3,091	-2,687
Increase / decrease (-) in other (financial) liabilities	5,308	-1,469
<b>Cash flow from operating activities</b>	<b>31,992</b>	<b>26,474</b>
Cash received from disposals of property, plant and equipment	170	86
Cash paid (-) for investments in property, plant and equipment	-9,322	-9,857
Cash paid (-) for investments in intangible assets	-729	-692
Cash paid (-) for the acquisition of entities	-50,027	0
<b>Cash flow from investing activities</b>	<b>-59,908</b>	<b>-10,463</b>
Cash received from syndicated loan	0	7,266
Interest paid (-)	-15,892	-55,404
Cash received from drawing of revolver loan	0	67,000
Repayment (-) of shareholder loan	0	-19,599
Cash paid for capitalized leases (right-of-use assets)	-851	-665
<b>Cash flow from financing activities</b>	<b>-16,743</b>	<b>-1,402</b>
<b>Change in cash and cash equivalents</b>	<b>-44,659</b>	<b>14,609</b>
Net foreign exchange difference	1,139	-155
Cash and cash equivalents at the beginning of the period	244,118	64,380
<b>Cash and cash equivalents at the end of the period</b>	<b>200,598</b>	<b>78,834</b>

Please refer to notes, section 5

**CeramTec TopCo GmbH, Plochingen**

**Interim condensed consolidated statement of changes in equity  
for the period ended 31 March 2021**

	Issued capital	Capital reserves	Accumulated losses	Accumulated other comprehensive income		Equity
	EUR k	EUR k	EUR k	Cash flow hedge reserve EUR k	Difference from currency translation EUR k	EUR k
<b>31 December 2019</b>	<b>25</b>	<b>780,371</b>	<b>-442,793</b>	<b>510</b>	<b>355</b>	<b>338,468</b>
Net loss for the period	0	0	-11,125	0	0	-11,125
Other comprehensive income / loss (-)	0	0	12,009 1)	-680 2)	-2,359 2)	8,970
<i>Total comprehensive income / loss (-)</i>	<i>0</i>	<i>0</i>	<i>884</i>	<i>-680</i>	<i>-2,359</i>	<i>-2,155</i>
<b>31 March 2020</b>	<b>25</b>	<b>780,371</b>	<b>-441,909</b>	<b>-170</b>	<b>-2,003.83</b>	<b>336,313</b>
<b>31 December 2020</b>	<b>25</b>	<b>780,371</b>	<b>-598,134</b>	<b>223</b>	<b>-1,528</b>	<b>180,957</b>
Net income for the period	0	0	16,447	0	0	16,447
Other comprehensive income / loss (-)	0	0	10,285 1)	205 2)	-490 2)	10,000
<i>Total comprehensive income / loss (-)</i>	<i>0</i>	<i>0</i>	<i>26,731</i>	<i>205</i>	<i>-490</i>	<i>26,446</i>
<b>31 March 2021</b>	<b>25</b>	<b>780,371</b>	<b>-571,403</b>	<b>428</b>	<b>-2,018</b>	<b>207,403</b>

1) Other comprehensive income that will not be reclassified to profit or loss in the future

2) Other comprehensive income to be reclassified to the income statement in the future under certain conditions

**CeramTec TopCo GmbH  
Plochingen**

**Selected explanatory notes to the  
Interim Condensed  
Consolidated Financial Statements  
for the period ended  
31 March 2021**

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## **1 General**

### **1.1 Corporate information and purpose of the Company**

The purpose of CeramTec TopCo GmbH (hereinafter "CeramTec TopCo") is to render management services as well as administrative, financial and business services in return for remuneration to entities in which it has a direct or indirect controlling shareholding or to entities that are controlled by the same ultimate controlling shareholder. It establishes branch offices, legal entities and other operations in Germany and abroad, and acquires, invests in and holds these investments and/or manages them as well as enters into and/or issues various financial instruments.

CeramTec TopCo and its subsidiaries are leading global developers, manufacturers and suppliers of high performance ceramics ("HPC") solutions. The HPC solutions are made of advanced ceramics, which are highly specialized materials with superior biological/chemical, mechanical, thermal or electric properties compared to competing products made from metal or polymers (plastics). The operations can be divided into two businesses – Medical Products and Industrial. Medical Products business focuses on developing and manufacturing ceramic components for hip joint prostheses. Industrial business develops, manufactures and supplies a broad range of highly specialized, performance critical HPC solutions for customers spanning a wide range for industrial areas as mobility, electronics and industrial applications.

CeramTec TopCo's registered office is located at CeramTec-Platz 1-9 in 73207 Plochingen, Germany, and the entity is registered with the Amtsgericht (local court) Stuttgart, Germany, under the number HRB 764651. CeramTec TopCo is the parent company of the Group ("CeramTec TopCo Group" or "Group") and the ultimate parent, which prepares exempting interim condensed consolidated financial statements.

The management of CeramTec TopCo authorized for issue the interim condensed consolidated financial statements for the period ended 31 March 2021 on 17 May 2021.

## **1.2 Basis of preparation**

The interim condensed consolidated financial statements are prepared in accordance with IAS 34 Interim Financial Reporting. These interim condensed consolidated financial statements do not include all of the information and disclosures required in the annual financial statements, and should be read in conjunction with the CeramTec TopCo's annual consolidated financial statements as of 31 December 2020.

The interim condensed consolidated financial statements give a true and fair view of the results of operations and financial position of the CeramTec TopCo Group.

The interim condensed consolidated financial statements are presented in Euro. The amounts are in thousands of Euros (EUR k). All amounts are rounded using standard commercial principles. In some cases, adding single values to the total values may therefore lead to differences.

For the purpose of clarity, various items in the consolidated statement of financial position and consolidated statement of comprehensive income were combined and explained accordingly in the notes to the interim condensed consolidated financial statements. Assets and liabilities are broken down into current and non-current items. Assets and liabilities are classified as current if they are expected to be realized within twelve months from the reporting date. The expense recognized in profit or loss is broken down using the cost of sales method. In the statement of cash flows, cash flow from operating activities is determined using the indirect method, while cash flow from investing and financing activities is determined using the direct method.

## **1.3 Changes to the consolidated group**

With effect as of 4 January 2021, Dentalpoint AG, a company based in Spreitenbach, Switzerland, which is itself a 100% shareholder of the Dentalpoint Germany GmbH based in Lörrach, Germany, was acquired by CeramTec GmbH, Plochingen. With this acquisition, the CeramTec Group invests in the sharply growing future market for ceramic dental implants and continues to expand the offering in the Medical Products segment. The preliminary purchase price of EUR 50,975k was paid using cash and cash equivalents. Deviations from the preliminary purchase price will arise due to the purchase price mechanisms agreed upon.

The preliminary fair values of the acquired assets, net of liabilities were as follows:

	Fair Value EUR k
Customer relationships	13,550
Patents and other intellectual property	13,097
Other intangible assets	38
<b>Intangible Assets</b>	<b>26,685</b>
Machinery and equipment	1,691
Furniture and Fix	254
Right-of-Use Assets	2,383
<b>Property, plant &amp; equipment</b>	<b>4,328</b>
Inventories	4,270
Trade receivables	702
Other assets	281
Cash and Cash equivalents	948
<b>Assets</b>	<b>37,214</b>
Deferred tax liabilities	2,394
Provisions	663
Bank loans	4,883
Trade payables	591
Other liabilities	2,388
<b>Liabilities</b>	<b>10,919</b>
Total net	26,295
Total consideration transferred	50,975
<b>Goodwill from the acquisition</b>	<b>24,680</b>

The fair value of purchased receivables equals the gross amount of contractual receivables as we believe the receivables can be fully recovered.

Goodwill reflects the value of the future earnings to be realized over the next few years. In addition, the consideration paid for the aforementioned ceramic dental implants business, included amounts in relation to benefit or expected synergies, revenue growth and future market developments. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria of identifiable intangible assets.

Included in the revenue and net profit for the period are EUR 1,879k and EUR -602k.

## 1.4 Entities included in the consolidated financial statements

In addition to the financial statements of the parent company, the financial statements of the following subsidiaries in which CeramTec TopCo has a direct or indirect shareholding are included in the interim condensed consolidated financial statements in the reporting period:

Name of the entity	Share of capital in %		Business activities
	31 March 2021	31 December 2020	
CeramTec BondCo GmbH, Plochingen	100.00	100.00	1
CeramTec AcquiCo GmbH, Plochingen	100.00	100.00	1
CeramTec Holding GmbH, Plochingen	100.00	100.00	1
CeramTec Group GmbH, Plochingen	100.00	100.00	1
CeramTec FinCo GmbH, Plochingen	100.00	100.00	1
CeramTec GmbH, Plochingen	100.00	100.00	2
Cerasiv GmbH Innovatives Keramik-Engineering, Plochingen	100.00	100.00	1
CeramTec-ETEC GmbH, Lohmar	100.00	100.00	3
Emil Müller GmbH, Wilhermsdorf	100.00	100.00	3
CeramTec UK Ltd., Southampton/Great Britain	100.00	100.00	3
CeramTec Czech Republic s.r.o., Sumperk/Czech Republic	100.00	100.00	3
CeramTec Ibérica Innovative Ceramic Engineering S.L., Vilassar de Mar/Spain	100.00	100.00	5
CeramTec Innovative Ceramic Engineering, (M) Sdn. Bhd., Seremban/Malaysia	100.00	100.00	3
CeramTec Korea Ltd., Suwon-Si/South Korea	100.00	100.00	3
CeramTec Suzhou Ltd., Suzhou/China	100.00	100.00	3
PST Press Sintertécnica Brasil Ltda., Nova Odessa/Brazil	100.00	100.00	3
CeramTec India Innovative Ceramic Engineering Pvt. Ltd., Panaji - Goa/India	99.90	99.90	3
Press and Sinter Technics de Mexico S.A. de C.V., Puebla/Mexico	100.00	100.00	3
Dentalpoint AG, Spreitenbach/Switzerland	100.00	0.00	4
Dentalpoint Germany GmbH, Lörrach	100.00	0.00	4
CeramTec BidCo LLC, Laurens/USA	100.00	100.00	1

Name of the entity	Share of capital in %		Business activities
	31 March 2021	31 December 2020	
CeramTec Acquisition LLC, Laurens/USA	100.00	100.00	1
CeramTec North America LLC, Laurens/USA	100.00	100.00	3
DAI Ceramics LLC, Willoughby/USA	100.00	100.00	3
PST Press + Sintertechnik Sp. z.o.o., Gorzyce/Poland	100.00	100.00	3

- 1 Entities perform the functions of a holding company.
- 2 Manufacturing and distribution companies operate in the Industrial and Medical Products business.
- 3 Manufacturing and distribution companies operate in the Industrial business.
- 4 Manufacturing and distribution companies operate in the Medical business.
- 5 Distribution companies.

CeramTec TopCo has a direct shareholding in CeramTec BondCo GmbH, and an indirect shareholding in the other subsidiaries.

## 2 Accounting principles and policies

The accounting policies and the consolidation principles applied in the interim condensed consolidated financial statements correspond to those applied in the most recent annual consolidated financial statements with the exception of the recently adopted accounting standards, if any. A detailed description of the accounting principles and policies is shown in the notes to the consolidated financial statements as of and for the year ended 31 December 2020.

### **Foreign currency translation**

The exchange rates of significant currencies used for the currency translation to the euro are as follows:

	31 Mar 2021	1 Jan to 31 Mar 2021	31 Dec 2020	1 Jan to 31 Mar 2020
	Period-end exchange rate	Average exchange rate	Period-end exchange rate	Average exchange rate
<b>USD</b> USA	1.1725	1.2056	1.2281	1.1023
<b>CNY</b> China	7.6812	7.8111	8.0134	7.6937
<b>GBP</b> Great Brit.	0.8521	0.8747	0.9031	0.8616
<b>PLN</b> Poland	4.6508	4.5431	4.5565	4.3226
<b>CZK</b> Czech Rep.	26.1430	26.0648	26.2520	25.6138

The individual items in the consolidated statement of cash flows are translated at average rates, while cash and cash equivalents are measured at the spot rate at the balance sheet date.

***Adoption of amended and new standards and interpretations: Changes in accounting policies due to first-time adoption of revised and newly issued IFRSs and IFRICs***

*IFRS amended for the first time in the reporting period*

<b>Standards and interpretations</b>	<b>Date of first-time adoption</b>
IFRS 9 / IAS 39 / IFRS 7 / IFRS 4 / IFRS 16: "Interest Rate Benchmark Reform Phase 2"	1 January 2021
IFRS 4: "Extension of the Temporary Exemption from Applying IFRS 9"	1 January 2021

The aforementioned changes have no effect on the consolidated financial statements of CeramTec TopCo Group.

*Revised and newly issued IFRSs and IFRICs not yet compulsory*

Adoption of the following revised and newly issued IFRSs and IFRICs was not yet compulsory in the reporting period and/or they had not yet been endorsed by the European Commission for adoption in the European Union. In the reporting period, these new or amended standards and interpretations were not adopted earlier.

<b>Standards and interpretations</b>	<b>Date of first-time adoption</b>
IFRS 16: "Covid-19-Related Rent Concessions beyond 30 June 2021"	1 April 2021
IFRS 3: "Reference to the Conceptual Framework"	1 January 2022
IAS 37: "Onerous Contracts - Costs of Fulfilling a Contract"	1 January 2022
IAS 16: "PP&E: Proceeds before Intended Use"	1 January 2022
Annual Improvements Project (2018–2020): IFRS 1, IFRS 9, IFRS 16, IAS 41	1 January 2022
IFRS 17: "Insurance Contracts"	1 January 2023
IAS 1: "Classification of Liabilities as Current or Non-current"	1 January 2023
IAS 1: "Disclosure of Accounting Policies"	1 January 2023
IAS 8: "Definition of Accounting Estimates"	1 January 2023

### 3 Notes to the consolidated statement of comprehensive income

#### 3.1 Revenue

Revenue results primarily from the sale of goods and merchandise. Revenue breaks down into regions and businesses as follows:

	1 January to 31 March 2021 EUR k	1 January to 31 March 2020 EUR k
<b>Regions</b>		
Europe (w/o Germany)	71,348	74,021
Germany	34,627	33,981
Asia	33,545	21,855
North America	27,779	25,092
Rest of world	1,129	3,169
<b>Total</b>	<b>168,428</b>	<b>158,118</b>
<b>Businesses</b>		
Industrial	94,070	87,702
Medical products	74,358	70,416
<b>Total</b>	<b>168,428</b>	<b>158,118</b>

Orders on hand amount to EUR 224,897k as of the balance sheet date (31 March 2020: EUR 165,278k), of which EUR 166,350k (31 March 2020: EUR 115,411k) and EUR 58,547k (31 March 2020: EUR 49,867k) are attributable to the Industrial and Medical Products businesses respectively.

#### 3.2 Cost of sales

The cost of sales breaks down as follows:

	1 January to 31 March 2021 EUR k	1 January to 31 March 2020 EUR k
Personnel expenses	34,973	33,657
Material and packaging costs	29,992	26,757
Amortization and depreciat.	13,950	14,027
Other cost of sales	14,273	14,780
<b>Total</b>	<b>93,188</b>	<b>89,221</b>

Other costs of sales primarily contain energy costs, freight costs and maintenance expenses.

### 3.3 Selling costs

Selling costs primarily contain amortization and depreciation as well as personnel expenses.

### 3.4 Research and development costs

Research and development costs mainly contain personnel expenses.

### 3.5 General administrative costs

General administrative costs primarily contain personnel expenses.

### 3.6 Other income / expenses (-), net

Other income / expenses (-), net, breaks down as follows:

	1 January to 31 March 2021 EUR k	1 January to 31 March 2020 EUR k
Foreign currency results	1,031	1,489
Income from the reversal of allowances for bad debt	23	2
Gains / losses (-) on disposal of property, plant and equipment	-6	55
Add. to allowance for bad debts	-22	-38
Transaction costs	0	-146
Sundry other income	469	366
Sundry other expenses	-142	102
<b>Total</b>	<b>1,353</b>	<b>1,830</b>



### 3.7 Financial result

The financial result breaks down as follows:

	1 January to 31 March 2021 EUR k	1 January to 31 March 2020 EUR k
Interest income from effective interest method	373	356
Interest income from derivatives	5,456	0
Other interest and financial income	22	26
<b>Total interest income and other finance income</b>	<b>5,851</b>	<b>382</b>
Interest expense from derivatives	0	27,076
Interest expense from syndicated loan	7,601	7,212
Interest expense from bond	5,329	5,329
Interest expense from shareholder loan	4,992	4,840
Exchange rate losses	1,724	3,222
Expense from unwinding the discount on financial liabilities	1,947	1,120
Interest expense from provision and use of revolving credit line	164	218
Other interest expenses	604	502
Interest capitalized	-197	-135
<b>Total interest expenses and other finance costs</b>	<b>22,164</b>	<b>49,384</b>
<b>Total financial result</b>	<b>-16,313</b>	<b>-49,002</b>

Exchange rate gains and losses result from loans not designated in the functional currency of the group companies.

The other interest expenses include expenses from unwinding the discount on provisions with an amount of EUR 242k (31 March 2020: EUR 338k).

## **4 Notes to the consolidated statement of financial position**

### **4.1 Goodwill and intangible assets**

Goodwill results mainly from the acquisition of CeramTec Holding and its subsidiaries in 2018. It was allocated to the groups of cash-generating units (CGUs) Medical and Industrial. The net carrying amount as of the reporting date of the CGU Medical amount to EUR 874,613k, the net carrying amount of the CGU Industrial was completely written down in 2020.

The CGU Medical includes the business activities designed to develop, manufacture and sell technical high-performance ceramics products used for medical technology, and the CGU Industrial includes the business activities designed to develop, manufacture and sell technical high-performance ceramics products used in industrial areas as electronics, automotive industries and for mechanical engineering.

With effect as of 4 January 2021, Dentalpoint AG, a company based in Spreitenbach, Switzerland, was acquired resulting in a preliminary goodwill of EUR 24,680k (see note 1.3).

During the reporting period, CeramTec TopCo Group recognized amortization expenses for intangible assets in the amount of EUR 17,102k (1 January to 31 March 2020: EUR 16,380k, which arise mainly from customer relationships and technology).

CeramTec TopCo Group purchased intangible assets at cost of EUR 729k (1 January to 31 March 2020: EUR 692k).

### **4.2 Property, plant and equipment**

During the reporting period, additions to property, plant and equipment amount to EUR 6,438k (1 January to 31 March 2020: EUR 5,785k), from which no subsidies are deducted. Excluding the right-of-use assets CeramTec TopCo Group acquired assets at cost of EUR 5,471k (1 January to 31 March 2020: EUR 4,943k).

The recognized depreciation expenses amount to EUR 10,119k (1 January to 31 March 2020: EUR 10,391k).

There were contractual commitments to acquire property, plant and equipment of EUR 14,046k (31 December 2020: EUR 12,286k) as of the reporting date.

### 4.3 Other financial assets

The following table breaks down other financial assets as follows:

	31 March 2021 EUR k	31 December 2020 EUR k
<b>Other financial assets (non-current)</b>		
Separated termination rights	10,977	10,221
Derivative financial instruments	211	0
Insurance claims	37	40
Minority non-controlling interest	4	4
Other financial assets	73	10
<b>Total</b>	<b>11,302</b>	<b>10,275</b>
<b>Other financial assets (current)</b>		
Receivables arising from amounts retained by a factor as a security	1,822	1,850
Derivative financial instruments	601	314
Other financial assets	129	1,098
<b>Total</b>	<b>2,552</b>	<b>3,262</b>

The CeramTec TopCo Group has a termination option for the issued bond. This termination option represents an embedded derivative, which is accounted for separately from the underlying transaction. Further explanations can be found in note 4.11.

Because of a low risk of default, in the reporting period no loss allowance for other financial assets was recognised.

#### 4.4 Other receivables and assets

The following table breaks down other assets as follows:

	31 March 2021	31 December 2020
	EUR k	EUR k
<b>Other non-current assets</b>		
Deferred finance costs for the revolving credit line	424	478
Sundry assets	3,617	3,600
<b>Total</b>	<b>4,041</b>	<b>4,078</b>
<b>Other current assets</b>		
Prepaid insurance	3,717	2,017
VAT receivables	1,175	2,024
Receivables from energy tax refunds	1,105	1,809
Deferred finance costs for the revolving credit line	219	219
Sundry assets	2,575	2,234
<b>Total</b>	<b>8,791</b>	<b>8,303</b>

Sundry assets mainly include advance payments.

#### 4.5 Trade receivables

At the end of the reporting period, trade receivables amounted to EUR 83,073k (31 December 2020: EUR 51,880k) after taking into account valuation allowance of EUR 513k (31 December 2020: EUR 495k). The receivables are seasonally impacted with lower levels in summer and December due to less customer activity and temporary plant shut downs in August and December.

A factoring agreement was concluded whereby receivables of EUR 17,689k were sold as of the balance sheet date (31 December 2020: EUR 13,599k). Under the terms of the agreement, EUR 1,822k (31 December 2020: EUR 1,850k) was retained by the factor as of the balance sheet date as a security, and recognized in other short-term financial assets (see note 4.3).

The value and maturity structure of trade receivables before impairment breaks down as follows:

	31 March 2021 EUR k	31 December 2020 EUR k
<b>Carrying amount before impairment</b>	<b>83,586</b>	<b>52,375</b>
thereof not yet due on the reporting date	74,437	40,066
thereof past due on the reporting date	9,149	12,309
past due up to 30 days	7,572	8,140
past due up to 60 days	695	3,286
past due up to 90 days	176	343
past due more than 90 days	706	540

Loss allowances are based on information about a customer developed internally or obtained from external sources, and an estimate of the likelihood of default. The loss allowances mainly include specific loss allowances for receivables due from customers that have entered into bankruptcy proceedings or are in severe financial difficulty.

#### 4.6 Cash and cash equivalents

Cash and cash equivalents contain bank balances of EUR 200,592k (31 December 2020: EUR 244,113k) and cash in hand of EUR 6k (31 December 2020: EUR 5k).

#### 4.7 Equity

The following table breaks down the equity as follows:

	31 March 2021 EUR k	31 December 2020 EUR k
Issued capital	25	25
Capital reserves	780,371	780,371
Accumulated losses	-571,402	-598,134
Accumulated other comprehensive income	-1,590	-1,305
<b>Total</b>	<b>207,403</b>	<b>180,957</b>

#### 4.8 Financial liabilities to affiliates

Financial liabilities to affiliates comprise a loan payable to CTEC Acquisition S.à.r.l., Luxembourg, of EUR 278,515k (31 December 2020: EUR 273,835k).

	31 March 2021 EUR k	31 December 2020 EUR k
<b>Non-current financial liabilities</b>		
Loan payable	273,523	273,523
Accrued interest	4,992	0
<b>Total</b>	<b>278,515</b>	<b>273,523</b>
<b>Current financial liabilities</b>		
Accrued interest	0	312
<b>Total</b>	<b>0</b>	<b>312</b>

Unpaid interest is added annually to the company's loan balance on 31 December, for the first time on 31 December 2020.

#### 4.9 Financial liabilities to third parties

The financial liabilities to third parties are broken down as follows:

	31 March 2021 EUR k	31 December 2020 EUR k
<b>Non-current financial liabilities</b>		
Liabilities to banks	1,164,655	1,156,680
Liabilities from the bond	413,920	414,293
Derivative financial instruments	17,672	22,489
Lease liabilities	5,360	3,636
<b>Total</b>	<b>1,601,607</b>	<b>1,597,098</b>
<b>Current financial liabilities</b>		
Derivative financial instruments	8,059	8,256
Liabilities to banks	7,265	141
Liabilities from the bond	2,664	7,993
Discounts and bonuses	7,628	3,065
Lease liabilities	2,376	1,759
Other current financial liabilities	2,726	2,759
<b>Total</b>	<b>30,718</b>	<b>23,973</b>

Liabilities to banks nominally amount to EUR 1,069,000k (31 December 2020: EUR 1,069,000k) from a tranche in EUR and EUR 127,079k (31 December 2020: EUR 121,326k) from two tranches in USD. These loans have variable interest rates and mature on 8 March 2025. Transaction costs associated with the loan of EUR 33,641k are spread over the term of the loan using the effective interest method.

The bond has a fixed interest rate and a nominal volume of EUR 406,000k (31 December 2020: EUR 406,000k). This bond matures on 15 December 2025. The CeramTec TopCo Group has a termination option for this bond, which is recognized as a separate financial asset (see note 4.3). Associated transaction costs of EUR 13,570k are spread over the term of the bond using the effective interest method. Further information on the loans, the bond and derivatives can be found in note 4.11.

#### 4.10 Other liabilities

Other liabilities break down as follows:

	31 March 2021 EUR k	31 December 2020 EUR k
<b>Other non-current liabilities</b>		
Contractual liabilities under contracts with customers	2,878	3,763
<b>Total</b>	<b>2,878</b>	<b>3,763</b>
<b>Other current liabilities</b>		
Wages and salaries including taxes	13,468	10,696
Contractual liabilities under contracts with customers	4,485	3,935
Real estate transfer tax	1,023	1,023
Other current liabilities	6,665	5,943
<b>Total</b>	<b>25,641</b>	<b>21,597</b>

The contractual liabilities from contracts with customers reported as non-current will be recognized in income from 1 April 2022 to 31 December 2022, while those reported as current will be recognized in income from 1 April 2021 to 31 March 2022.

Other current liabilities are mainly attributable to liabilities to employees, liabilities from social security contributions, liabilities to pension funds as well as deferred income.

## 4.11 Financial instruments

The following table shows the carrying amounts and fair values of the financial assets and financial liabilities reported in the interim condensed consolidated financial statements, sorted by class and measurement category in accordance with IFRS 9.

	Measurement category of IFRS 9 <sup>1</sup>	31 March 2021 Carrying amount EUR k	Fair value EUR k
<b>Financial assets</b>			
Trade receivables	AC	83,073	83,073
Separated termination rights	FVtPL	10,977	10,977
Cash and cash equivalents	AC	200,598	200,598
Fx forward hedges	FVtPL	601	601
Interest rate cap	AC	211	211
Other financial assets	AC	2,065	2,065
<b>Total</b>		<b>297,525</b>	<b>297,525</b>
<b>Financial liabilities</b>			
Liabilities to banks	AC	1,171,919	1,200,844
Bond liabilities	AC	416,585	422,052
Liabilities to affiliates	AC	278,515	280,691
Trade payables	AC	22,682	22,682
Separated interest rate floors	FVtPL	22,161	22,161
Lease liabilities	AC	7,736	7,736
Interest rate cap	FVtPL	3,570	3,570
Forward exchange transactions	Hedge	0	0
Other financial liabilities	AC	10,354	10,354
<b>Total</b>		<b>1,933,522</b>	<b>1,970,090</b>

<sup>1</sup> AC: measured at amortised cost using the effective interest method; FVtPL: measured at fair value through profit or loss



		31 December 2020	
	Measurement category of IFRS 9 <sup>1</sup>	Carrying amount kEUR	Fair value kEUR
<b>Financial assets</b>			
Trade receivables	AC	51,880	51,880
Separated termination rights	FVtPL	10,221	10,221
Cash and cash equivalents	AC	244,118	244,118
Forward exchange transactions	FVtPL	314	314
Other financial assets	AC	3,001	3,001
<b>Total</b>		<b>309,534</b>	<b>309,534</b>
<b>Financial liabilities</b>			
Liabilities to banks	AC	1,156,821	1,190,326
Bond liabilities	AC	422,286	421,702
Liabilities to affiliates	AC	273,835	275,595
Trade payables	AC	29,034	29,034
Separated interest rate floors	FVtPL	26,079	26,079
Lease liabilities	AC	5,395	5,395
Interest rate cap	FVtPL	4,665	4,665
Other financial liabilities	AC	5,825	5,825
<b>Total</b>		<b>1,923,940</b>	<b>1,958,621</b>

<sup>1</sup> AC: measured at amortized cost using the effective interest method; FVtPL: measured at fair value through profit or loss

If the fair value is not available in the form of a market price, it is calculated based on different valuation parameters. Depending on the availability of observable parameters and the significance of these parameters when calculating the fair value, the fair value is allocated to level 1, 2 or 3 of the fair value hierarchy. The allocation is based on the following factors:

- **Level 1:** Level 1 inputs are quoted (unadjusted) prices in markets for identical assets or liabilities that the entity can access at the measurement date
- **Level 2:** Level 2 inputs are inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly
- **Level 3:** Level 3 inputs are unobservable measurement parameters for the asset or liability.

The following table shows the fair value hierarchy for derivative financial instruments that are recognized at fair value in the consolidated financial statements:

	31 March 2021		
	Level 1 EUR k	Level 2 EUR k	Level 3 EUR k
<b>Financial assets</b>			
Separated termination rights	0	10,977	0
Interest rate caps	0	211	0
Forward exchange transactions	0	601	0
<b>Financial liabilities</b>			
Separated interest rate floors	0	22,161	0
Interest rate caps	0	3,570	0

	31 December 2020		
	Level 1 kEUR	Level 2 kEUR	Level 3 kEUR
<b>Financial assets</b>			
Separated termination rights	0	10,221	0
Forward exchange transactions	0	314	0
<b>Financial liabilities</b>			
Separated interest rate floors	0	26,079	0
Interest rate cap	0	4,665	0

The following table shows the fair value hierarchy for the financial instruments that are not recognized at fair value in the consolidated financial statements; however, their fair value is provided in the notes to the financial statements. The Group does not disclose the fair values of financial instruments when their carrying amounts are a reasonable approximation of the fair values, such as current trade receivables and payables.

	31 March 2021		
	Level 1 EUR k	Level 2 EUR k	Level 3 EUR k
<b>Financial liabilities</b>			
Bond liabilities	0	422,052	0
Liabilities to banks	0	1,200,844	0
Liabilities to affiliates	0	0	280,691
Lease liabilities	0	7,736	0

	31 December 2020		
	Level 1 kEUR	Level 2 kEUR	Level 3 kEUR
<b>Financial liabilities</b>			
Bond liabilities	0	421,702	0
Liabilities to banks	0	1,190,326	0
Liabilities to affiliates	0	0	275,595
Lease liabilities	0	5,395	0

The fair value of the bond corresponds to the nominal value multiplied by the market value as of the reporting date, plus the separated termination right. Accordingly, the fair value measurement is allocated to level 2 in the fair value hierarchy.

Liabilities to banks are subject to interest based on the interest rates observable on the market, such as EURIBOR or LIBOR, on the basis of which the fair value is calculated. Accordingly, these are allocated to level 2 of the fair value hierarchy.

The fair values of the separated derivatives are measured using the Black-Scholes/Hull-White valuation model, which considers both the observable yield curves and the fluctuation intensity (volatility) of the currencies concerned. All key input parameters were directly or indirectly derived from observable market data. The fair value measurement is therefore allocated to level 2 in the fair value hierarchy.

The fair value of the interest rate cap is measured using the Black-Scholes/Hull-White valuation model, which considers both the observable yield curves and the fluctuation intensity (volatility) of the currencies concerned. All key input parameters were directly or indirectly derived from observable market data. The fair value measurement is therefore allocated to level 2 in the fair value hierarchy.

The fair value of all other financial instruments is calculated using a discounted cash flow method as well as by taking into account measurement parameters that are observable for the assets and liabilities, either directly or indirectly, at the market. Accordingly, these financial instruments were allocated to level 2 in the fair value hierarchy.

For assets and liabilities that are recognized at fair value on a recurring basis, the CeramTec TopCo Group assesses whether a transfer between the levels of the fair value hierarchy took place as of the end of each reporting period (based on the lowest level that is significant to fair value measurement as a whole). There were no transfers between level 1 and 2 during the reporting period.

## **5 Notes to the interim condensed consolidated statement of cash flows**

In the interim condensed consolidated statement of cash flows, cash flow from operating activities is determined using the indirect method, while cash flow from investing and financing activities is determined using the direct method. The cash and cash equivalents presented in the statement of cash flows correspond to the item of the interim condensed statement of financial position and comprise cash in hand, bank balances and cash investments with an original term of up to three months.

Other non-cash income and expenses primarily contain changes in the fair value of financial instruments and foreign exchange gains or losses.

The cash flow from investing activities includes the preliminary purchase price payment of EUR 50,975k for the shares of the Dentalpoint AG (please refer to 1.3). Cash and cash equivalents with an amount of EUR 948k were taken over resulting in a cash-out net of EUR 50,027k.

Additions to property, plant and equipment in the reporting period amounted to EUR 1,313k that will affect cash during the following accounting period.

During the period CeramTec TopCo Group paid EUR 5,164k for property, plant and equipment previously purchased on account, which was not included in the statement of cash flows in previous reporting periods as it was a non-cash transaction.

Interest expenses of bond liabilities include income of EUR 373k associated with discounting of financial liabilities that arose because the effective interest method was applied.

## **6 Other notes**

### **6.1 Contingent liabilities**

The entities within the consolidated group are involved as parties in a number of lawsuits. These proceedings are linked to ordinary business activities and mainly relate to commercial, product liability and environmental processes. The Group accrues for such obligations if a liability is probable to arise and the amount of the potential claim can be sufficiently estimated. Where claims and obligations arising are not considered probable nor remote, such contingent liabilities are disclosed separately in the interim condensed consolidated financial statements.

## **6.2 Related party disclosures**

### ***Key management personnel***

Key management personnel are people who are directly or indirectly responsible for the planning, directing and controlling the activities of the CeramTec TopCo Group.

In the reporting period, the key management personnel of CeramTec TopCo Group were:

Dr. Hadi Saleh  
Chief Executive Officer

Richard Boulter  
President Industrial

Eric Oellerer  
Chief Financial Officer

Dr. Hadi Saleh is the sole general manager of CeramTec TopCo GmbH.

### ***Transactions with related parties***

Entities and natural persons are deemed to be related parties when they exercise control over the reporting company or over its subsidiaries or when they have a significant influence on the reporting company's financial and business policy. A loan of EUR 278,515k (31 December 2020: EUR 273,835k), including interest, with a fixed interest rate of 7.30 % p.a. has been obtained from CeramTec TopCo's controlling shareholder, CTEC Acquisition S.à.r.l., Luxembourg. Interest expenses of EUR 4,992k (1 January to 31 March 2020: EUR 4,840k) were incurred in the reporting period. Unpaid interest is added annually to the company's loan balance on 31 December, for the first time on 31 December 2020.

## **6.3 Subsequent events**

There were no significant events after the reporting date.

## 7 Reconciliation to CeramTec BondCo GmbH

If the interim condensed consolidated statement of comprehensive income of CeramTec BondCo had been prepared instead of the interim condensed consolidated statement of comprehensive income of CeramTec TopCo, which is presented in these financial statements, this would have resulted in the following changes for the reporting period:

- lower general administrative expenses of EUR 31k (1 January to 31 March 2020: EUR 47k)
- lower tax expenses of EUR 10k (1 January to 31 March 2020: EUR 0k)
- lower interest expenses and other finance costs of EUR 6k (1 January to 31 March 2020: EUR 11k)

The total comprehensive income of CeramTec BondCo would therefore have been EUR 47k higher (1 January to 31 March 2020: EUR 58k) compared to the total comprehensive income recognized in these financial statements.

If the interim condensed consolidated statement of financial position of CeramTec BondCo had been prepared instead of the interim condensed consolidated statement of financial position of CeramTec TopCo, which is presented in these financial statements, this would have resulted in the following changes as of 31 March 2021:

- lower deferred tax assets of EUR 19k (31 December 2020: EUR 24k)
- higher receivables from affiliates of EUR 759k (31 December 2020: EUR 684k)
- lower liquid funds of EUR 10k (31 December 2020: EUR 10k)
- lower capital reserves of EUR 25k (31 December 2020: EUR 25k)
- lower financial liabilities to third parties of EUR 86k (31 December 2020: EUR 276k)
- lower trade payables of EUR 0k (31 December 2020: EUR 35k)
- lower income tax payables of EUR 155k (31 December 2020: EUR 150k)

This would have resulted in a EUR 973k (31 December 2020: EUR 423k) higher level of group equity for CeramTec BondCo compared to the group equity recognized in these financial statements.

There would have been no material impact on the interim condensed consolidated statement of cash flows if the interim condensed consolidated statement of cash flows of CeramTec BondCo had been prepared instead of the interim condensed consolidated statement of cash flows of CeramTec TopCo presented in these financial statements.

Plochingen, 17 May 2021

**CeramTec TopCo GmbH**

The management

Dr. Hadi Saleh