

CeramTec TopCo GmbH
Plochingen

**Interim Condensed
Consolidated Financial Statements
for the period ended
30 June 2021**

CeramTec TopCo GmbH, Plochingen

Interim condensed consolidated statement of financial position as at 30 June 2021

Assets	Notes	30 June 2021	31 December 2020
		EUR k	EUR k
Goodwill	4.1	899,293	874,613
Other intangible assets	4.1	970,776	976,472
Property, plant and equipment	4.2	278,396	278,689
Other financial assets	4.3	16,149	10,275
Other assets	4.4	3,981	4,078
Deferred tax assets		994	934
Non-current assets		2,169,589	2,145,061
Inventories		97,114	91,565
Trade receivables	4.5	83,090	51,880
Income tax receivables		2,818	3,015
Other financial assets	4.3	2,494	3,262
Other receivables and assets	4.4	9,441	8,303
Cash and cash equivalents	4.6	244,100	244,118
Current assets		439,057	402,143
Total Assets		2,608,646	2,547,204

CeramTec TopCo GmbH, Plochingen

Interim condensed consolidated statement of financial position as at 30 June 2021

Equity and Liabilities	Notes	30 June 2021	31 December 2020
		EUR k	EUR k
Issued capital	4.7	25	25
Capital reserves	4.7	780,371	780,371
Accumulated losses	4.7	-550,267	-598,134
Accumulated other comprehensive income	4.7	-1,004	-1,305
Equity		229,125	180,957
Provisions for pension obligations		112,172	124,350
Other provisions		2,727	2,761
Financial liabilities to affiliates	4.8	283,562	273,523
Financial liabilities to third parties	4.9	1,597,455	1,597,098
Other liabilities	4.10	1,980	3,763
Deferred tax liabilities		270,833	270,110
Non-current liabilities		2,268,729	2,271,605
Other provisions		17,494	15,797
Provision for taxes		6,390	3,929
Financial liabilities to affiliates	4.8	0	312
Financial liabilities to third parties	4.9	36,934	23,973
Trade payables		24,109	29,034
Other liabilities	4.10	25,865	21,597
Current liabilities		110,792	94,642
Total liabilities		2,379,521	2,366,247
Total equity and liabilities		2,608,646	2,547,204

CeramTec TopCo GmbH, Plochingen

Interim condensed consolidated statement of comprehensive income

from 1 January to 30 June 2021

	Notes	1 April to 30 June 2021	1 April to 30 June 2020	1 January to 30 June 2021	1 January to 30 June 2020
		EUR k	EUR k	EUR k	EUR k
Revenue	3.1	169,208	122,085	337,635	280,203
Cost of sales	3.2	92,592	79,684	185,779	168,904
Gross profit		76,616	42,401	151,856	111,299
Selling costs	3.3	23,808	21,354	49,097	45,154
Research and development costs	3.4	5,563	4,952	11,497	10,768
General administrative costs	3.5	6,280	5,884	12,196	11,848
Other income and expenses (-), net	3.6	1,432	-137,670	2,786	-135,840
Operating income		42,397	-127,459	81,852	-92,311
Interest income and other finance income		9,932	1,272	14,978	769
Interest expenses and other finance costs		20,770	22,072	42,129	70,571
Financial result	3.7	-10,838	-20,800	-27,151	-69,802
Profit / loss (-) before income tax		31,559	-148,259	54,701	-162,113
Income tax benefit / expense (-)		-10,154	107	-16,849	2,836
Net profit / net loss (-) for the period		21,405	-148,152	37,852	-159,277
Items that will not be reclassified through profit or loss					
Income / expenses (-) from the remeasurement of pension provisions		-380	-17,903	14,084	-1,018
Deferred taxes		109	5,173	-4,070	297
		-271	-12,730	10,014	-721
Items that may be reclassified subsequently to profit or loss					
Losses (-) / gains on cash flow hedges		-104	218	184	-739
Deferred taxes		30	-63	-53	214
		-74	155	131	-525
Exchange differences on translation of foreign operations		661	901	171	-1,458
Other comprehensive income / loss (-), net of income tax		316	-11,674	10,316	-2,704
Total comprehensive income / loss (-)		21,721	-159,826	48,168	-161,981

**Interim condensed consolidated statement of cash flows
from 1 January to 30 June 2021**

	1 January to 30 June 2021 EUR k	1 January to 30 June 2020 EUR k
Net profit / net loss (-) for the period	37,852	-159,277
Income tax expense / benefit (-)	16,849	-2,837
Interest result	39,904	37,175
Amortisation, depreciation and impairment charges of non-current assets	54,710	190,642
Loss on disposal of property, plant and equipment and intangible assets	239	32
Increase / decrease (-) in provisions (excluding deferred taxes)	2,433	-3,726
Income tax payment (-)	-20,319	-14,211
Other non-cash income (-) / expenses, net	-11,380	30,321
Increase (-) in inventories	-1,280	-1,721
Increase (-) in trade receivables	-30,509	-4,554
Increase (-) / decrease in other receivables and (financial) assets	24	-1,707
Decrease (-) in trade payables	-1,994	-2,543
Increase / decrease (-) in other (financial) liabilities	6,388	-5,032
Cash flow from operating activities	92,917	62,562
Cash received from disposals of property, plant and equipment	198	189
Cash paid (-) for investments in property, plant and equipment	-16,509	-17,100
Cash paid (-) for investments in intangible assets	-1,947	-1,798
Cash paid (-) for the acquisition of entities	-50,027	0
Cash flow from investing activities	-68,285	-18,709
Interest paid (-)	-23,828	-63,075
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)	-1,648	-1,278
Cash flow from financing activities	-25,476	-16,952
Change in cash and cash equivalents	-844	26,901
Net foreign exchange difference	826	-405
Cash and cash equivalents at the beginning of the period	244,118	64,380
Cash and cash equivalents at the end of the period	244,100	90,876

Please refer to notes, section 5

CeramTec TopCo GmbH, Plochingen

**Interim condensed consolidated statement of changes in equity
for the period ended 30 June 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
31 December 2019	25	780,371	-442,793	510	355	338,468
Net loss for the period	0	0	-159,277	0	0	-159,277
Other comprehensive loss	0	0	-721 1)	-525 2)	-1,458 2)	-2,704
<i>Total comprehensive loss</i>	<i>0</i>	<i>0</i>	<i>-159,998</i>	<i>-525</i>	<i>-1,458</i>	<i>-161,981</i>
30 June 2020	25	780,371	-602,791	-15	-1,103	176,487
31 December 2020	25	780,371	-598,134	223	-1,528	180,957
Net income for the period	0	0	37,852	0	0	37,852
Other comprehensive income	0	0	10,014 1)	131 2)	171 2)	10,316
<i>Total comprehensive income</i>	<i>0</i>	<i>0</i>	<i>47,866</i>	<i>131</i>	<i>171</i>	<i>48,168</i>
30 June 2021	25	780,371	-550,267	354	-1,357	229,125

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
30 June 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 30 June 2021 on 11 August 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.

The interim condensed consolidated financial statements for the six-month period ended June 30, 2021 have not been reviewed by our independent auditors. As a consequence, the information presented herein is subject to potential change. If in connection with any review by our independent auditors there is any material change to the information in our interim condensed consolidated financial statements, we intend to present a supplemental or replacement report including such change.

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
Intangible Assets	26,685
Machinery and equipment	1,691
Furniture and Fix	254
Right-of-Use Assets	2,383
Property, plant & equipment	4,328
Inventories	4,270
Trade receivables	702
Other assets	281
Cash and Cash equivalents	948
Assets	37,214
Deferred tax liabilities	2,394
Provisions	663
Bank loans	4,883
Trade payables	591
Other liabilities	2,388
Liabilities	10,919
Total net	26,295
Total consideration transferred	50,975
Goodwill from the acquisition	24,680

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 recognized separately from goodwill because they do not meet the recognition criteria of identifiable intangible assets.

Included in the revenue for the period are EUR 3,743k.

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
	30 June 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
	30 June 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:

	30 Jun 2021	1 Apr to 30 Jun 2021	1 Jan to 30 Jun 2021	31 Dec 2020	1 Apr to 30 Jun 2020	1 Jan to 30 Jun 2020
	Period-end exchange rate	Average exchange rate	Average exchange rate	Period-end exchange rate	Average exchange rate	Average exchange rate
USD USA	1.1884	1.2057	1.2057	1.2281	1.1006	1.1015
CNY China	7.6742	7.7851	7.7981	8.0134	7.8025	7.7481
GBP Great Brit.	0.8581	0.8622	0.8684	0.9031	0.8870	0.8743
PLN Poland	4.5201	4.5300	4.5365	4.5565	4.5046	4.4136
CZK Czech Rep.	25.4880	25.6455	25.8551	26.2520	27.0706	26.3422

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

Standards and interpretations	Date of first-time adoption
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
IFRS 16: "Covid-19-Related Rent Concessions beyond 30 June 2021"	1 April 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.

Standards and interpretations	Date of first-time adoption
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
IAS 12: "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	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 April to 30 June 2021 EUR k	1 April to 30 June 2020 EUR k	1 January to 30 June 2021 EUR k	1 January to 30 June 2020 EUR k
Regions				
Europe (w/o Germany)	73,127	48,841	144,475	122,862
Germany	33,863	24,307	68,490	58,288
Asia	29,860	22,998	63,405	44,853
North America	31,028	24,030	58,807	49,122
Rest of world	1,330	1,909	2,458	5,078
Total	169,208	122,085	337,635	280,203
Businesses				
Industrial	94,424	73,301	188,494	161,002
Medical products	74,784	48,784	149,141	119,201
Total	169,208	122,085	337,635	280,203

Orders on hand amount to EUR 238,699k as of the balance sheet date (30 June 2020: EUR 165,547k), of which EUR 179,512k (30 June 2020: EUR 117,254k) and EUR 59,187k (30 June 2020: EUR 48,293k) are attributable to the Industrial and Medical Products businesses respectively.

3.2 Cost of sales

The cost of sales breaks down as follows:

	1 April to 30 June 2021 EUR k	1 April to 30 June 2020 EUR k	1 January to 30 June 2021 EUR k	1 January to 30 June 2020 EUR k
Personnel expenses	33,201	29,578	68,174	63,235
Material and packaging costs	30,402	22,768	60,394	49,525
Amortization and depreciat.	14,187	14,051	28,136	28,078
Other cost of sales	14,802	13,287	29,075	28,066
Total	92,592	79,684	185,779	168,904

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 April to 30 June 2021 EUR k	1 April to 30 June 2020 EUR k	1 January to 30 June 2021 EUR k	1 January to 30 June 2020 EUR k
Foreign currency results	-406	-492	625	996
Income from the reversal of allowances for bad debt	58	209	81	211
Losses (-) on disposal of property, plant and equipment	-52	-88	-57	-32
Additions to allowance for bad debts	-8	-66	-31	-104
Transaction costs	0	0	0	-146
Impairment of goodwill	0	-137,065	0	-137,065
Sundry other income	2,252	39	2,721	406
Sundry other expenses	-412	-207	-553	-106
Total	<u>1,432</u>	<u>-137,670</u>	<u>2,786</u>	<u>-135,840</u>

In the reporting period Sundry other income includes gains related to a discontinued product line with an amount of EUR 2,278k.

3.7 Financial result

The financial result breaks down as follows:

	1 April to 30 June 2021 EUR k	1 April to 30 June 2020 EUR k	1 January to 30 June 2021 EUR k	1 January to 30 June 2020 EUR k
Interest income from derivatives	8,694	0	14,150	0
Interest income from effective interest method	377	360	750	715
Exchange rate gains	806	884	0	0
Other interest and financial income	55	28	78	54
Total interest income and other finance income	9,932	1,272	14,978	769
Interest expense from syndicated loan	7,691	6,986	15,292	14,199
Interest expense from bond	5,329	5,329	10,658	10,657
Interest expense from shareholder loan	5,047	4,729	10,039	9,569
Expense from unwinding the discount on financial liabilities	2,002	1,062	3,949	2,182
Interest expense from provision and use of revolving credit line	166	456	330	674
Interest expense from derivatives	0	3,088	0	30,165
Exchange rate losses	0	0	918	2,337
Other interest expenses	692	589	1,297	1,091
Interest capitalized	-157	-167	-354	-303
Total interest expenses and other finance costs	20,770	22,072	42,129	70,571
Total financial result	-10,838	-20,800	-27,151	-69,802

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 486k (1 April to 30 June 2021: EUR 244k; 1 January to 30 June 2020: EUR 674k; 1 April to 30 June 2020: EUR 335k).

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 34,240k (1 April to 30 June 2021: EUR 17,139k; 1 January to 30 June 2020: EUR 32,776k; 1 April to 30 June 2020: EUR 16,396k), which arise mainly from customer relationships and technology.

CeramTec TopCo Group purchased intangible assets at cost of EUR 1,947k (1 April to 30 June 2021: EUR 1,218k; 1 January to 30 June 2020: EUR 1,798k; 1 April to 30 June 2020: EUR 1,106k).

4.2 Property, plant and equipment

During the reporting period, additions to property, plant and equipment amount to EUR 14,466k (1 April to 30 June 2021: EUR 8,028k; 1 January to 30 June 2020: EUR 12,602k; 1 April to 30 June 2020: EUR 6,817k), from which no subsidies are deducted. Excluding the right-of-use assets CeramTec TopCo Group acquired assets at cost of EUR 12,986k (1 January to 30 June 2020: EUR 11,488k).

The recognized depreciation expenses amount to EUR 20,469k (1 April to 30 June 2021: EUR 10,350k; 1 January to 30 June 2020: EUR 20,802k; 1 April to 30 June 2020: EUR 10,411k).

There were contractual commitments to acquire property, plant and equipment of EUR 13,133k (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:

	30 June 2021 EUR k	31 December 2020 EUR k
Other financial assets (non-current)		
Separated termination rights	15,917	10,221
Derivative financial instruments	117	0
Insurance claims	38	40
Minority non-controlling interest	4	4
Other financial assets	73	10
Total	16,149	10,275
Other financial assets (current)		
Receivables arising from amounts retained by a factor as a security	1,596	1,850
Derivative financial instruments	498	314
Other financial assets	400	1,098
Total	2,494	3,262

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 recognized.

4.4 Other receivables and assets

The following table breaks down other assets as follows:

	30 June 2021	31 December 2020
	EUR k	EUR k
Other non-current assets		
Deferred finance costs for the revolving credit line	369	478
Sundry assets	3,612	3,600
Total	3,981	4,078
Other current assets		
Prepaid insurance	3,041	2,017
VAT receivables	1,101	2,024
Receivables from energy tax refunds	1,379	1,809
Deferred finance costs for the revolving credit line	219	219
Sundry assets	3,701	2,234
Total	9,441	8,303

Sundry assets mainly include advance payments.

4.5 Trade receivables

At the end of the reporting period, trade receivables amounted to EUR 83,090k (31 December 2020: EUR 51,880k) after taking into account valuation allowance of EUR 459k (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 15,493k were sold as of the balance sheet date (31 December 2020: EUR 13,599k). Under the terms of the agreement, EUR 1,596k (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:

	30 June 2021 EUR k	31 December 2020 EUR k
Carrying amount before impairment	83,549	52,375
thereof not yet due on the reporting date	74,019	40,066
thereof past due on the reporting date	9,530	12,309
past due up to 30 days	7,309	8,140
past due up to 60 days	1,510	3,286
past due up to 90 days	180	343
past due more than 90 days	531	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 244,092k (31 December 2020: EUR 244,113k) and cash in hand of EUR 8k (31 December 2020: EUR 5k).

4.7 Equity

The following table breaks down the equity as follows:

	30 June 2021 EUR k	31 December 2020 EUR k
Issued capital	25	25
Capital reserves	780,371	780,371
Accumulated losses	-550,267	-598,134
Accumulated other comprehensive income	-1,004	-1,305
Total	229,125	180,957

4.8 Financial liabilities to affiliates

Financial liabilities to affiliates comprise a loan payable to CTEC Acquisition S.à.r.l., Luxembourg, of EUR 283,562k (31 December 2020: EUR 273,835k).

	30 June 2021 EUR k	31 December 2020 EUR k
Non-current financial liabilities		
Loan payable	273,523	273,523
Accrued interest	10,039	0
Total	283,562	273,523
Current financial liabilities		
Accrued interest	0	312
Total	0	312

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:

	30 June 2021 EUR k	31 December 2020 EUR k
Non-current financial liabilities		
Liabilities to banks	1,164,944	1,156,680
Liabilities from the bond	413,543	414,293
Derivative financial instruments	13,746	22,489
Lease liabilities	5,222	3,636
Total	1,597,455	1,597,098
Current financial liabilities		
Discounts and bonuses	9,484	3,065
Liabilities from the bond	7,993	7,993
Derivative financial instruments	7,570	8,256
Liabilities to banks	7,019	141
Lease liabilities	2,244	1,759
Other current financial liabilities	2,624	2,759
Total	36,934	23,973

Liabilities to banks nominally amount to EUR 1,069,000k (31 December 2020: EUR 1,069,000k) from a tranche in EUR and EUR 125,379k (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:

	30 June 2021 EUR k	31 December 2020 EUR k
Other non-current liabilities		
Contractual liabilities under contracts with customers	1,980	3,763
Total	1,980	3,763
Other current liabilities		
Wages and salaries including taxes	13,343	10,696
Contractual liabilities under contracts with customers	5,636	3,935
Real estate transfer tax	1,023	1,023
Other current liabilities	5,863	5,943
Total	25,865	21,597

The contractual liabilities from contracts with customers reported as non-current will be recognized in income from 1 July 2022 to 30 June 2023, while those reported as current will be recognized in income from 1 July 2021 to 30 June 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 ¹	30 June 2021 Carrying amount EUR k	Fair value EUR k
Financial assets			
Trade receivables	AC	83,090	83,090
Separated termination rights	FVtPL	15,917	15,917
Cash and cash equivalents	AC	244,100	244,100
Fx forward hedges	FVtPL	498	498
Interest rate cap	AC	117	117
Other financial assets	AC	2,111	2,111
Total		345,833	345,833
Financial liabilities			
Liabilities to banks	AC	1,171,963	1,198,911
Bond liabilities	AC	421,536	427,175
Liabilities to affiliates	AC	283,562	285,759
Trade payables	AC	24,109	24,109
Separated interest rate floors	FVtPL	17,958	17,958
Lease liabilities	AC	7,466	7,466
Interest rate cap	FVtPL	3,358	3,358
Other financial liabilities	AC	12,107	12,107
Total		1,942,059	1,976,843

¹ 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 ¹	Carrying amount kEUR	Fair value kEUR
Financial assets			
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
Total		309,534	309,534
Financial liabilities			
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
Total		1,923,940	1,958,621

¹ 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:

	30 June 2021		
	Level 1 EUR k	Level 2 EUR k	Level 3 EUR k
	<u> </u>	<u> </u>	<u> </u>
Financial assets			
Separated termination rights	0	15,917	0
Interest rate caps	0	117	0
Forward exchange transactions	0	498	0
Financial liabilities			
Separated interest rate floors	0	17,958	0
Interest rate caps	0	3,358	0

	31 December 2020		
	Level 1 kEUR	Level 2 kEUR	Level 3 kEUR
	<u> </u>	<u> </u>	<u> </u>
Financial assets			
Separated termination rights	0	10,221	0
Forward exchange transactions	0	314	0
Financial liabilities			
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.

	30 June 2021		
	Level 1 EUR k	Level 2 EUR k	Level 3 EUR k
	<u> </u>	<u> </u>	<u> </u>
Financial liabilities			
Bond liabilities	0	427,175	0
Liabilities to banks	0	1,198,911	0
Liabilities to affiliates	0	0	285,759
Lease liabilities	0	7,466	0

	31 December 2020		
	Level 1 kEUR	Level 2 kEUR	Level 3 kEUR
Financial liabilities			
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 1,641k 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 750k 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 283,562k (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 10,039k (1 January to 30 June 2020: EUR 9,569k) 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 to the date of signing of this report.

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 97k (1 April to 30 June 2021: EUR 65k; 1 January to 30 June 2020: EUR 104k; 1 April to 30 June 2020: EUR 57k)
- lower tax expenses of EUR 11k (1 April to 30 June 2021: EUR 1k; 1 January to 30 June 2020: EUR 0k; 1 April to 30 June 2020: EUR 0k)
- lower interest expenses and other finance costs of EUR 12k (1 April to 30 June 2021: EUR 6k; 1 January to 30 June 2020: EUR 138k; 1 April to 30 June 2020: EUR 126k)

The total comprehensive income of CeramTec BondCo would therefore have been EUR 119k higher (1 April to 30 June 2021: EUR 72k; 1 January to 30 June 2020: EUR 183k; 1 April to 30 June 2020: EUR 183k) 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 30 June 2021:

- lower assets for current tax of EUR 15k (31 December 2020: EUR 0k)
- higher receivables from affiliates of EUR 981k (31 December 2020: EUR 684k)
- lower deferred tax assets of EUR 17k (31 December 2020: EUR 24k)
- lower other receivables from tax authorities of EUR 8k (31 December 2020: EUR 0k)
- lower liquid funds of EUR 10k (31 December 2020: EUR 10k)
- lower capital reserves of EUR 25k (31 December 2020: EUR 25k)
- lower trade payables of EUR 1k (31 December 2020: EUR 35k)
- lower income tax payables of EUR 11k (31 December 2020: EUR 150k)
- lower financial liabilities to third parties of EUR 102k (31 December 2020: EUR 91k)

This would have resulted in a EUR 1,045k (31 December 2020: EUR 926k) 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, 11 August 2021

CeramTec TopCo GmbH

The management

Dr. Hadi Saleh