

**CeramTec TopCo GmbH  
Plochingen**

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

**CeramTec TopCo GmbH, Plochingen**

**Interim condensed consolidated statement of financial position as at 30 September 2021**

Assets	Notes	30 September 2021	31 December 2020
		EUR k	EUR k
Goodwill	4.1	898,226	874,613
Other intangible assets	4.1	954,463	976,472
Property, plant and equipment	4.2	282,185	278,689
Other financial assets	4.3	24,779	10,275
Other assets	4.4	3,922	4,078
Deferred tax assets		718	934
<b>Non-current assets</b>		<b>2,164,293</b>	<b>2,145,061</b>
Inventories		98,299	91,565
Trade receivables	4.5	74,657	51,880
Income tax receivables		2,873	3,015
Other financial assets	4.3	1,815	3,262
Other receivables and assets	4.4	9,289	8,303
Cash and cash equivalents	4.6	275,965	244,118
<b>Current assets</b>		<b>462,898</b>	<b>402,143</b>
<b>Total Assets</b>		<b>2,627,191</b>	<b>2,547,204</b>

**CeramTec TopCo GmbH, Plochingen**

**Interim condensed consolidated statement of financial position as at 30 September 2021**

<b>Equity and Liabilities</b>	<b>Notes</b>	<b>30 September 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	-539,022	-598,134
Accumulated other comprehensive income	4.7	-340	-1,305
<b>Equity</b>		<b>241,034</b>	<b>180,957</b>
Provisions for pension obligations	4.8	114,986	124,350
Other provisions		2,759	2,761
Financial liabilities to affiliates	4.9	288,665	273,523
Financial liabilities to third parties	4.10	1,604,509	1,597,098
Other liabilities	4.11	1,051	3,763
Deferred tax liabilities		267,679	270,110
<b>Non-current liabilities</b>		<b>2,279,649</b>	<b>2,271,605</b>
Other provisions		21,376	15,797
Provision for taxes		7,527	3,929
Financial liabilities to affiliates	4.9	0	312
Financial liabilities to third parties	4.10	29,502	23,973
Trade payables		24,839	29,034
Other liabilities	4.11	23,264	21,597
<b>Current liabilities</b>		<b>106,508</b>	<b>94,642</b>
<b>Total liabilities</b>		<b>2,386,157</b>	<b>2,366,247</b>
<b>Total equity and liabilities</b>		<b>2,627,191</b>	<b>2,547,204</b>

CeramTec TopCo GmbH, Plochingen

Interim condensed consolidated statement of comprehensive income

from 1 January to 30 September 2021

	Notes	1 July to 30 September 2021	1 July to 30 September 2020	1 January to 30 September 2021	1 January to 30 September 2020
		EUR k	EUR k	EUR k	EUR k
Revenue	3.1	157,424	138,113	495,060	418,316
Cost of sales	3.2	89,339	82,359	275,119	251,263
<b>Gross profit</b>		<b>68,085</b>	<b>55,754</b>	<b>219,941</b>	<b>167,053</b>
Selling costs	3.3	23,730	20,624	72,827	65,778
Research and development costs	3.4	5,494	4,834	16,991	15,602
General administrative costs	3.5	6,930	5,893	19,126	17,741
Other income and expenses (-), net	3.6	366	-647	3,153	-136,487
<b>Operating income</b>		<b>32,297</b>	<b>23,756</b>	<b>114,150</b>	<b>-68,555</b>
Interest income and other finance income		11,128	6,130	26,105	2,408
Interest expenses and other finance costs		23,214	19,435	65,343	85,515
<b>Financial result</b>	3.7	<b>-12,086</b>	<b>-13,305</b>	<b>-39,238</b>	<b>-83,107</b>
<b>Profit / loss (-) before income tax</b>		<b>20,211</b>	<b>10,451</b>	<b>74,912</b>	<b>-151,662</b>
Income tax expense		-7,369	-4,756	-24,217	-1,920
<b>Net profit / net loss (-) for the period</b>		<b>12,842</b>	<b>5,695</b>	<b>50,695</b>	<b>-153,582</b>
<b>Items that will not be reclassified through profit or loss</b>					
Income / expenses (-) from the remeasurement of pension provisions		380	-5,496	11,838	-6,514
Deferred taxes		-110	1,588	-3,421	1,885
		<b>270</b>	<b>-3,908</b>	<b>8,417</b>	<b>-4,629</b>
<b>Items that may be reclassified subsequently to profit or loss</b>					
Losses (-) / gains on cash flow hedges		-259	3	-75	-736
Deferred taxes		75	-1	22	213
		<b>-184</b>	<b>2</b>	<b>-53</b>	<b>-523</b>
Exchange differences on translation of foreign operations		848	-679	1,018	-2,137
<b>Other comprehensive income / loss (-), net of income tax</b>		<b>934</b>	<b>-4,585</b>	<b>9,382</b>	<b>-7,289</b>
<b>Total comprehensive income / loss (-)</b>		<b>13,776</b>	<b>1,110</b>	<b>60,077</b>	<b>-160,871</b>

**CeramTec TopCo GmbH, Plochingen**

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

	<b>1 January to 30 September 2021 EUR k</b>	<b>1 January to 30 September 2020 EUR k</b>
Net profit / net loss (-) for the period	50,695	-153,582
Income tax expense	24,217	1,920
Interest result (without changes in fair value of derivatives)	60,262	56,051
Amortisation, depreciation and impairment charges of non-current assets	82,440	217,272
Loss on disposal of property, plant and equipment and intangible assets	317	41
Increase in provisions (excluding deferred taxes)	6,669	634
Income tax payment (-)	-28,721	-21,955
Other non-cash income (-) / expenses, net	-22,573	22,283
Increase (-) / decrease in inventories	-2,465	3,058
Increase (-) in trade receivables	-22,075	-13,164
Increase (-) / decrease in other receivables and (financial) assets	603	-1,847
Decrease (-) in trade payables	-1,680	-4,490
Increase / decrease (-) in other (financial) liabilities	3,896	-4,335
<b>Cash flow from operating activities</b>	<b>151,585</b>	<b>101,886</b>
Cash received from disposals of property, plant and equipment	231	203
Cash paid (-) for investments in property, plant and equipment	-24,383	-24,677
Cash paid (-) for investments in intangible assets	-2,683	-2,377
Cash paid (-) for the acquisition of entities	-48,960	0
<b>Cash flow from investing activities</b>	<b>-75,795</b>	<b>-26,851</b>
Interest paid (-)	-42,825	-80,687
Repayment (-) of shareholder loan	0	-19,599
Cash paid for capitalized leases (right-of-use assets)	-2,568	-1,956
<b>Cash flow from financing activities</b>	<b>-45,393</b>	<b>-102,241</b>
<b>Change in cash and cash equivalents</b>	<b>30,397</b>	<b>-27,207</b>
Net foreign exchange difference	1,450	-689
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>275,965</b>	<b>36,484</b>

Please refer to notes, section 5

**CeramicTec TopCo GmbH, Plochingen**

**Interim condensed consolidated statement of changes in equity  
for the period ended 30 September 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	-153,582	0	0	-153,582
Other comprehensive loss	0	0	-4,629 1)	-523 2)	-2,137 2)	-7,289
<i>Total comprehensive loss</i>	<i>0</i>	<i>0</i>	<i>-158,211</i>	<i>-523</i>	<i>-2,137</i>	<i>-160,871</i>
<b>30 September 2020</b>	<b>25</b>	<b>780,371</b>	<b>-601,004</b>	<b>-13</b>	<b>-1,782</b>	<b>177,597</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	50,695	0	0	50,695
Other comprehensive income / loss (-)	0	0	8,417 1)	-53 2)	1,018 2)	9,382
<i>Total comprehensive income / loss (-)</i>	<i>0</i>	<i>0</i>	<i>59,112</i>	<i>-53</i>	<i>1,018</i>	<i>60,077</i>
<b>30 September 2021</b>	<b>25</b>	<b>780,371</b>	<b>-539,022</b>	<b>170</b>	<b>-510</b>	<b>241,034</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  
30 September 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 September 2021 on 12 November 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 present fairly the financial position, financial performance and cash flows 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.

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. In September 2021 the final purchase price of EUR 49,908k was agreed. The purchase price was paid using cash and cash equivalents.

The preliminary fair values of the acquired assets, net of liabilities are 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	49,908
<b>Goodwill from the acquisition</b>	<b>23,613</b>

The acquisition is recognized on a preliminary basis as of the reporting date. As a result the purchase price allocation and the identification and measurement of the acquired assets and liabilities has not yet been concluded.

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 consolidated statement of comprehensive income for the period are revenue respectively net loss of EUR 5,149k respectively EUR 1,762k. The net loss includes significant effects resulting from the purchase price allocation (PPA).

The costs associated with the acquisition amounted to EUR 843k in total. These are recognized in the consolidated statement of comprehensive income under the item "Other income / expenses (-), net" (see note 3.6).

#### 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 September 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

Name of the entity	Share of capital in %		Business activities
	30 September 2021	31 December 2020	
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	5
CeramTec BidCo LLC, Laurens/USA	100.00	100.00	1
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 Sep 2021	1 Jul to 30 Sep 2021	1 Jan to 30 Sep 2021	31 Dec 2020	1 Jul to 30 Sep 2020	1 Jan to 30 Sep 2020
		Period-end exchange rate	Average exchange rate	Average exchange rate	Period-end exchange rate	Average exchange rate	Average exchange rate
<b>USD</b>	USA	1.1579	1.1788	1.1967	1.2281	1.1695	1.1241
<b>CNY</b>	China	7.4847	7.6260	7.7407	8.0134	8.0879	7.8614
<b>GBP</b>	Great Brit.	0.8605	0.8553	0.8641	0.9031	0.9050	0.8845
<b>PLN</b>	Poland	4.6197	4.5661	4.5464	4.5565	4.4405	4.4226
<b>CZK</b>	Czech Rep.	25.4950	25.4995	25.7366	26.2520	26.4740	26.3861

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
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.

<b>Standards and interpretations</b>	<b>Date of first-time adoption</b>
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 July to 30 September 2021 EUR k	1 July to 30 September 2020 EUR k	1 January to 30 September 2021 EUR k	1 January to 30 September 2020 EUR k
<b>Regions</b>				
Europe (w/o Germany)	72,093	51,386	216,569	174,248
Germany	28,682	26,487	97,172	84,775
Asia	26,497	32,888	89,902	77,741
North America	28,773	24,279	87,580	73,401
Rest of world	1,379	3,073	3,837	8,151
<b>Total</b>	<b>157,424</b>	<b>138,113</b>	<b>495,060</b>	<b>418,316</b>
<b>Businesses</b>				
Industrial	90,803	80,959	279,299	241,961
Medical products	66,621	57,154	215,761	176,355
<b>Total</b>	<b>157,424</b>	<b>138,113</b>	<b>495,060</b>	<b>418,316</b>

The increase in revenues is mostly due to the recovery from lower volumes across most product groups due to lower demand from customers and order cancellations respectively postponements following the covid-19 outbreak in 2020.

Orders on hand amount to EUR 244,632k as of the balance sheet date (30 September 2020: EUR 157,281k), of which EUR 192,699k (30 September 2020: EUR 111,743k) and EUR 51,933k (30 September 2020: EUR 45,538k) are attributable to the Industrial and Medical Products businesses respectively.



### 3.2 Cost of sales

The cost of sales breaks down as follows:

	1 July to 30 September 2021 EUR k	1 July to 30 September 2020 EUR k	1 January to 30 September 2021 EUR k	1 January to 30 September 2020 EUR k
Personnel expenses	31,454	29,789	99,628	93,024
Material and packaging cost	30,360	24,747	90,754	74,272
Amortization and depreciat.	14,373	13,899	42,509	41,977
Other cost of sales	13,152	13,924	42,228	41,990
<b>Total</b>	<b>89,339</b>	<b>82,359</b>	<b>275,119</b>	<b>251,263</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 July to 30 September 2021 EUR k	1 July to 30 September 2020 EUR k	1 January to 30 September 2021 EUR k	1 January to 30 September 2020 EUR k
Foreign currency results	666	-412	1,291	585
Losses (-) on disposal of property, plant and equipment	-82	-8	-139	-41
Transaction costs	-10	-13	-108	-13
Income from the reversal of allowances for bad debt	1	160	81	371
Additions to allowance for bad debts	-41	-6	-71	-111
Impairment of goodwill	0	0	0	-137,065
Sundry other income	88	64	2,806	470
Sundry other expenses	-256	-432	-707	-683
<b>Total</b>	<b>366</b>	<b>-647</b>	<b>3,153</b>	<b>-136,487</b>

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 July to 30 September 2021 EUR k	1 July to 30 September 2020 EUR k	1 January to 30 September 2021 EUR k	1 January to 30 September 2020 EUR k
Interest income from derivatives	10,704	2,154	24,854	0
Interest income from effective interest method	382	364	1,132	1,079
Exchange rate gains	0	3,580	0	1,243
Other interest and financial income	42	32	119	86
<b>Total interest income and other finance income</b>	<b>11,128</b>	<b>6,130</b>	<b>26,105</b>	<b>2,408</b>
Interest expense from syndicated loan	7,776	6,898	23,068	21,097
Interest expense from bond	5,329	5,329	15,986	15,986
Interest expense from shareholder loan	5,103	4,781	15,142	14,350
Expense from unwinding the discount on financial liabilities	2,059	1,535	6,008	3,717
Exchange rate losses	2,127	0	3,046	0
Interest expense from provision and use of revolving credit line	163	419	493	1,093
Interest expense from derivatives	0	0	0	28,010
Other interest expenses	768	642	2,066	1,734
Interest capitalized	-111	-169	-466	-472
<b>Total interest expenses and other finance costs</b>	<b>23,214</b>	<b>19,435</b>	<b>65,343</b>	<b>85,515</b>
<b>Total financial result</b>	<b>-12,086</b>	<b>-13,305</b>	<b>-39,238</b>	<b>-83,107</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 731k (1 July to 30 September 2021: EUR 245k; 1 January to 30 September 2020: EUR 1,007k; 1 July to 30 September 2020: EUR 334k).

## **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 23,613k (see note 1.3). This preliminary goodwill was allocated to the CGU Medical resulting in a total goodwill of EUR 898,226k.

During the reporting period, CeramTec TopCo Group recognized amortization expenses for intangible assets in the amount of EUR 51,386k (1 July to 30 September 2021: EUR 17,146k; 1 January to 30 September 2020: EUR 49,208k; 1 July to 30 September 2020: EUR 16,433k), which arise mainly from customer relationships and technology.

CeramTec TopCo Group purchased intangible assets at cost of EUR 2,683k (1 July to 30 September 2021: EUR 736k; 1 January to 30 September 2020: EUR 2,377k; 1 July to 30 September 2020: EUR 579k).

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

During the reporting period, additions to property, plant and equipment amount to EUR 28,178k (1 July to 30 September 2021: EUR 13,713k; 1 January to 30 September 2020: EUR 21,210k; 1 July to 30 September 2020: EUR 8,608k), from which no subsidies are deducted. Excluding the right-of-use assets CeramTec TopCo Group acquired assets at cost of EUR 21,277k (1 January to 30 September 2020: EUR 19,549k).

The recognized depreciation expenses amount to EUR 31,053k (1 July to 30 September 2021: EUR 10,584k; 1 January to 30 September 2020: EUR 30,999k; 1 July to 30 September 2020: EUR 10,198k).

There were contractual commitments to acquire property, plant and equipment of EUR 15,383k (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 September 2021 EUR k	31 December 2020 EUR k
<b>Other financial assets (non-current)</b>		
Separated termination rights	24,603	10,221
Derivative financial instruments	65	0
Insurance claims	33	40
Minority non-controlling interest	4	4
Other financial assets	74	10
<b>Total</b>	<b>24,779</b>	<b>10,275</b>
<b>Other financial assets (current)</b>		
Receivables arising from amounts retained by a factor as a security	1,306	1,850
Derivative financial instruments	239	314
Other financial assets	270	1,098
<b>Total</b>	<b>1,815</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 4.12.

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 September 2021	31 December 2020
	EUR k	EUR k
<b>Other non-current assets</b>		
Deferred finance costs for the revolving credit line	314	478
Sundry assets	3,608	3,600
<b>Total</b>	<b>3,922</b>	<b>4,078</b>
<b>Other current assets</b>		
Prepaid insurance	2,172	2,017
VAT receivables	1,833	2,024
Receivables from energy tax refunds	1,661	1,809
Deferred finance costs for the revolving credit line	219	219
Sundry assets	3,404	2,234
<b>Total</b>	<b>9,289</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 74,657k (31 December 2020: EUR 51,880k) after taking into account valuation allowance of EUR 503k (31 December 2020: EUR 495k). The receivables are seasonally impacted with lower levels in December due to less customer activity and temporary plant shut downs.

A factoring agreement was concluded whereby receivables of EUR 12,865k were sold as of the balance sheet date (31 December 2020: EUR 13,599k). Under the terms of the agreement, EUR 1,306k (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 September 2021 EUR k	31 December 2020 EUR k
<b>Carrying amount before impairment</b>	<b>75,160</b>	<b>52,375</b>
thereof not yet due on the reporting date	65,759	40,066
thereof past due on the reporting date	9,401	12,309
past due up to 30 days	7,268	8,140
past due up to 60 days	1,355	3,286
past due up to 90 days	211	343
past due more than 90 days	567	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 275,960k (31 December 2020: EUR 244,113k) and cash in hand of EUR 5k (31 December 2020: EUR 5k).

#### 4.7 Equity

The following table breaks down the equity as follows:

	30 September 2021 EUR k	31 December 2020 EUR k
Issued capital	25	25
Capital reserves	780,371	780,371
Accumulated losses	-539,022	-598,134
Accumulated other comprehensive income	-340	-1,305
<b>Total</b>	<b>241,034</b>	<b>180,957</b>

#### 4.8 Provisions for pension obligations

The reduction in provisions for pension obligations to EUR 114,986k as of the balance sheet date (31 December 2020: EUR 124,350k) mainly results from the remeasurements in financial assumptions resulting from an increase in the interest rate.

#### 4.9 Financial liabilities to affiliates

Financial liabilities to affiliates comprise a loan payable to CTEC Acquisition S.à.r.l., Luxembourg, of EUR 288,665k (31 December 2020: EUR 273,835k).

	30 September 2021 EUR k	31 December 2020 EUR k
<b>Non-current financial liabilities</b>		
Loan payable	273,523	273,523
Accrued interest	15,142	0
<b>Total</b>	<b>288,665</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.

#### 4.10 Financial liabilities to third parties

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

	30 September 2021 EUR k	31 December 2020 EUR k
<b>Non-current financial liabilities</b>		
Liabilities to banks	1,169,736	1,156,680
Liabilities from the bond	413,161	414,293
Derivative financial instruments	11,745	22,489
Lease liabilities	9,867	3,636
<b>Total</b>	<b>1,604,509</b>	<b>1,597,098</b>
<b>Current financial liabilities</b>		
Discounts and bonuses	10,604	3,065
Liabilities from the bond	2,664	7,993
Derivative financial instruments	6,947	8,256
Liabilities to banks	4,489	141
Lease liabilities	2,257	1,759
Other current financial liabilities	2,541	2,759
<b>Total</b>	<b>29,502</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 128,681k (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 4.12.

#### 4.11 Other liabilities

Other liabilities break down as follows:

	30 September 2021 EUR k	31 December 2020 EUR k
<b>Other non-current liabilities</b>		
Contractual liabilities under contracts with customers	1,051	3,763
Other non-current liabilities	0	0
<b>Total</b>	<b>1,051</b>	<b>3,763</b>
<b>Other current liabilities</b>		
Wages and salaries including taxes	10,699	10,696
Contractual liabilities under contracts with customers	5,528	3,935
Real estate transfer tax	804	1,023
Other current liabilities	6,233	5,943
<b>Total</b>	<b>23,264</b>	<b>21,597</b>

The contractual liabilities from contracts with customers reported as non-current will be recognized in income from 1 October 2022 to 30 September 2023, while those reported as current will be recognized in income from 1 October 2021 to 30 September 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.

## 4.12 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.

		30 September 2021	
	Measurement category of IFRS 9 <sup>1</sup>	Carrying amount EUR k	Fair value EUR k
<b>Financial assets</b>			
Trade receivables	AC	74,657	74,657
Separated termination rights	FVtPL	24,603	24,603
Cash and cash equivalents	AC	275,965	275,965
Fx forward hedges	FVtPL	239	239
Interest rate cap	FVtPL	65	65
Other financial assets	AC	1,687	1,687
<b>Total</b>		<b>377,216</b>	<b>377,216</b>
<b>Financial liabilities</b>			
Liabilities to banks	AC	1,174,225	1,199,482
Bond liabilities	AC	415,825	438,967
Liabilities to affiliates	AC	288,665	290,788
Trade payables	AC	24,839	24,839
Separated interest rate floors	FVtPL	15,772	15,772
Lease liabilities	AC	12,124	12,124
Interest rate cap	FVtPL	2,920	2,920
Other financial liabilities	AC	13,145	13,145
<b>Total</b>		<b>1,947,515</b>	<b>1,998,037</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:

	30 September 2021		
	Level 1 EUR k	Level 2 EUR k	Level 3 EUR k
<b>Financial assets</b>			
Separated termination rights	0	24,603	0
Interest rate caps	0	65	0
Forward exchange transactions	0	239	0
<b>Financial liabilities</b>			
Separated interest rate floors	0	15,772	0
Interest rate caps	0	2,920	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.

	30 September 2021		
	Level 1 EUR k	Level 2 EUR k	Level 3 EUR k
<b>Financial liabilities</b>			
Bond liabilities	0	438,967	0
Liabilities to banks	0	1,199,482	0
Liabilities to affiliates	0	0	290,788
Lease liabilities	0	12,124	0

	31 December 2020		
	Level 1	Level 2	Level 3
	kEUR	kEUR	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.

The fair value of the shareholder loan (level 3) is determined by using the discounted cash flow method with risk free rate and the credit spread of CeramTec as inputs.

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 purchase price payment for the shares of the Dentalpoint AG (please refer to 1.3). In September 2021 the final purchase price of EUR 49,908k was agreed. Cash and cash equivalents with an amount of EUR 948k were taken over resulting in a cash-out net of EUR 48,960k.

Additions to property, plant and equipment in the reporting period amounted to EUR 2,058k 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 1,132k 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 288,665k (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 15,142k (1 January to 30 September 2020: EUR 14,350k) 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 Significant changes in the current reporting period**

Canada Pension Plan Investment Board ("CPP Investments"), through its wholly owned subsidiary, CPP Investment Board Europe S.à.r.l, and BC Partners, a leading international investment firm, announced on 17 August 2021, an agreement to jointly acquire CeramTec TopCo Group, from existing owner BC European Capital X ("BCEC X") and its co-investors. On completion of the transaction, CeramTec TopCo will be jointly owned by CPP Investments and BC Partners Fund XI ("BC XI").

Under the new ownership structure, CPP Investments and BC XI, together with co-investors, will each hold a 50% stake in the CeramTec TopCo.

## 6.4 Subsequent events

In October 2021 it was agreed to pay an amount of EUR 5,093k of the shareholder loan to the shareholder, CTEC Acquisition S.à.r.l., consisting of a nominal amount of EUR 4,816k and the respective interest payable which has been accrued until the date of payment of EUR 277k.

## 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 723k (1 July to 30 September 2021: EUR 626k; 1 January to 30 September 2020: EUR 133k; 1 July to 30 September 2020: EUR 29k)
- lower tax expenses of EUR 23k (1 July to 30 September 2021: EUR 12k; 1 January to 30 September 2020: EUR 0k; 1 July to 30 September 2020: EUR 0k)
- lower interest expenses and other finance costs of EUR 18k (1 July to 30 September 2021: EUR 6k; 1 January to 30 September 2020: EUR 256k; 1 July to 30 September 2020: EUR 118k)

The total comprehensive income of CeramTec BondCo would therefore have been EUR 764k higher (1 July to 30 September 2021: EUR 645k; 1 January to 30 September 2020: EUR 389k; 1 July to 30 September 2020: EUR 147k) 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 September 2021:

- lower assets for current tax of EUR 15k (31 December 2020: EUR 0k)
- higher receivables from affiliates of EUR 988k (31 December 2020: EUR 684k)
- lower deferred tax assets of EUR 0k (31 December 2020: EUR 24k)
- lower other receivables from tax authorities of EUR 8k (31 December 2020: EUR 0k)
- lower liquid funds of EUR 9k (31 December 2020: EUR 10k)
- lower capital reserves of EUR 25k (31 December 2020: EUR 25k)
- lower trade payables of EUR 595k (31 December 2020: EUR 35k)
- lower income tax payables of EUR 6k (31 December 2020: EUR 150k)
- lower financial liabilities to third parties of EUR 133k (31 December 2020: EUR 91k)



This would have resulted in a EUR 1,690k (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, 12 November 2021

**CeramTec TopCo GmbH**

The management

Dr. Hadi Saleh