

Rebounding Growth

Half-Year Report 2021

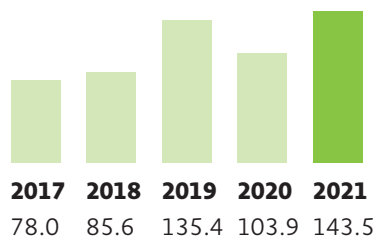
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Key Figures

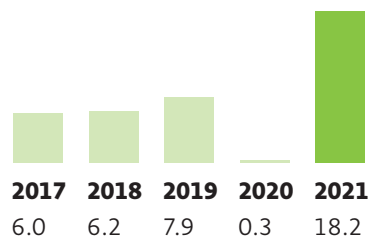
5-Year Overview H1 2017–2021¹

(in CHF million)

Net Sales

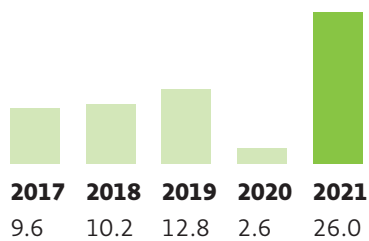


Net Profit

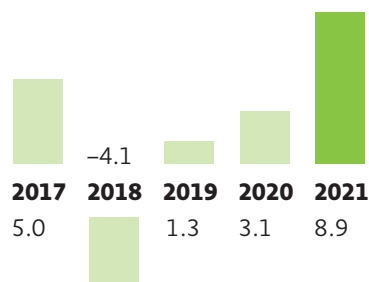


¹ H1 statements for 2017 are based on IFRS; H1 statements from 2018 onwards are based on Swiss GAAP FER

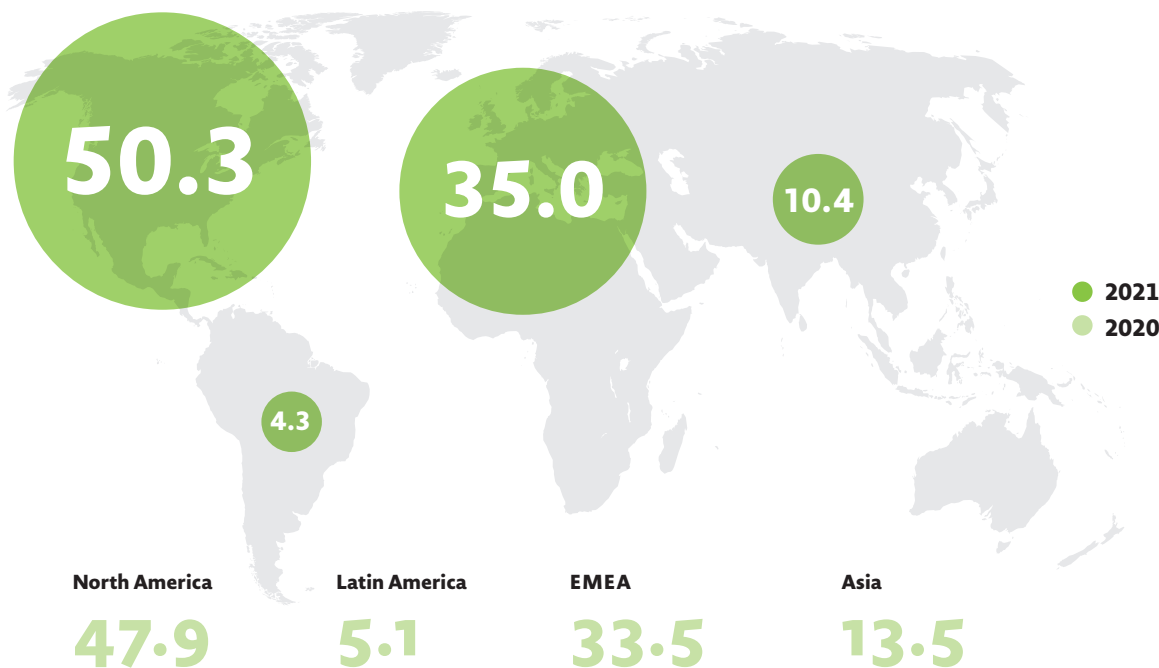
EBIT



Free Cash Flow



H1 Net Sales by Region in %



Highlights H1 2021

+38.1%

Recovery in demand

Sales of dental consumables and small equipment recovered across the board.

+56.2%

Dental Preservation

Strong sales growth in this product group reflected business returning to pre-pandemic levels for dental practices.

18.1%

EBIT margin

Strong growth and cost discipline delivered the highest EBIT margin ever achieved in the first half of a year (H1).

+4.5%

More employees

The workforce added 53 full-time employees in the first half year following the pandemic.

Foreword

Dear Shareholders,

The recovery in global dental markets from the second half (H2) of 2020 extended into 2021, delivering strong performance for the COLTENE Group in H1. Group sales were CHF 143.5 million, significantly above both H1 2020 (CHF 103.9 million) and H1 2019 (CHF 135.4 million). Adjusted for divestments, this corresponds to a 43.0% increase in sales year-on-year in local currency terms, or a 38.1% increase in reporting currency terms. Operating profit (EBIT) for H1 2021 was CHF 26.0 million (H1 2020: CHF 2.6 million; H1 2019: CHF 12.8 million). The EBIT margin was 18.1% (H1 2020: 2.5%; H1 2019: 9.4%). Net profit was CHF 18.2 million (H1 2020: CHF 0.3 million; H1 2019: CHF 7.9 million).

There are two main reasons for the good result. The first is an ongoing catch-up effect: trade sales returned to significantly higher growth, providing a boost to order books. Dental practices in most parts of the world had fully reopened. H1 2021 sales therefore reflect a recovery effect in Dental Preservation and Efficient Treatment, while sales in Infection Control also continued growing and remained above 2019 levels.

Trade sales returned to significantly higher growth, providing a boost to order books.

The second main reason for the good result is the hard work COLTENE put in as the pandemic wore on. The cost-reduction measures taken in 2020 led to a lower cost base which combined with the stronger H1 sales to deliver improved margins.

Current Projects

COLTENE is preparing for the markets to return to more normal levels. To remain competitive and gain further market share, the Group has introduced a variety of innovations, including a new standardized price list and new dental vendor agreements. Moreover, COLTENE is creating more touch points with its end customers, including through a new customer service software tool. This is important particularly for introducing the new products in the internet of things (IoT) and digital services portfolio, where it will allow COLTENE to forge closer relationships with end customers. The previously announced Dental Service Organization Support Team manages the ongoing program to set up the organizational structures in the growing group practice segment. The integration of SciCan and Micro-Mega is completed. The next step is to align the product portfolios more closely.

Changes in Group Management

Effective 30 June 2021, John Westermeier stepped down as Vice President Marketing and Sales for North America. His successor will be announced at a later time. Markus Abderhalden has been appointed as the new COLTENE Group CFO to replace Gerhard Mahrle, who will be retiring at the end of the year. A Swiss national, Markus Abderhalden (age 42) brings many years of industry experience in a CFO role and is joining COLTENE from DGS Group. The Board of Directors and CEO Martin Schaufelberger thank Gerhard Mahrle and John Westermeier very much for their extremely valuable contribution to the success of the COLTENE Group in a major growth phase.

Markus Abderhalden will succeed Gerhard Mahrle as CFO.

Outlook

The outlook for full-year 2021 is positive but uncertainties remain on account of the ongoing COVID-19 pandemic. New virus variants may lead to further waves of infections and partial lockdowns. Given the hygiene protocols currently in place, COLTENE expects that dental practices will be less impacted in the event of further restrictions. For H2 2021, COLTENE therefore expects somewhat slower business momentum compared to H1, in part because the catch-up effects of the recovery from the coronavirus pandemic will subside over time. Expenditure in Research & Development and Sales & Marketing will trend up again in H2 2021. For the full-year 2021, COLTENE expects sales in the range of CHF 270 million to CHF 280 million (2020: CHF 248.4 million; 2019: CHF 273.8 million). Under this scenario, the EBIT margin for full-year 2021 will likely exceed 15%.

On behalf of the Board of Directors and Group Executive Management, we would like to thank all our employees for their hard work in this intense recovery phase for our business. We also wish to thank our business partners and shareholders for the confidence they place in the COLTENE Group. We hope to return to interacting in-person with you.

Sincerely yours,

Nick Huber
Chairman of the Board of Directors

Martin Schaufelberger
CEO



R&D with Global Roots

Research and Development at COLTENE

Being creative in generating ideas, and agile and efficient in acting on them in a global context – these are the principles guiding COLTENE’s Research & Development employees. At COLTENE, Research & Development (R&D) is set up as an integrated network with a decentralized structure. Group Management is responsible for strategy and oversees the coordination processes involved, but core competencies and technology centers are site-based. Crucially, this means having each R&D team work closely with Quality Management, Product Management and Production at its site. A major external source of inspiration is COLTENE’s international network of key opinion leaders, universities and dentists. The local R&D teams collaborate across sites as interdisciplinary teams. By using standardized processes and software deployed worldwide, COLTENE ensures efficient compliance with legal and regulatory requirements.

Standardized Innovation Processes

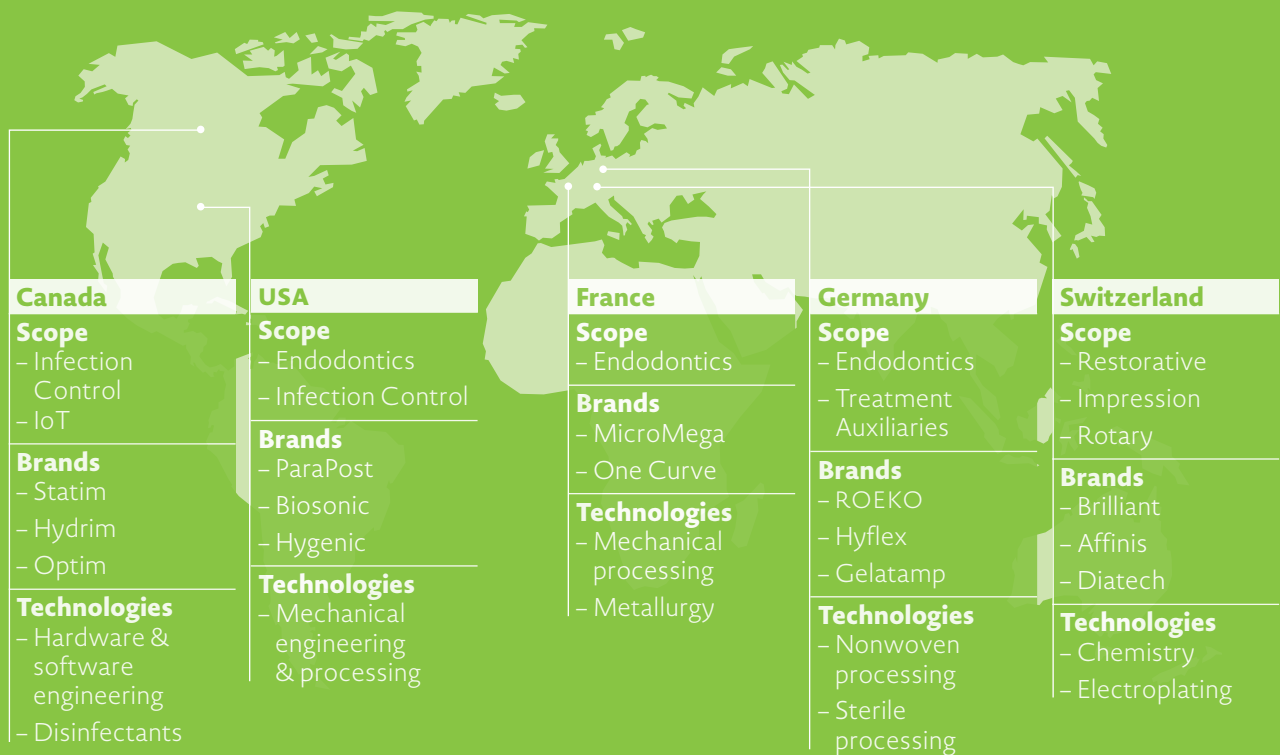
- Global R&D approach
- Harmonized key processes and documentation to improve regulatory process and reduce time to market
- One project management tool for all sites and departments



Core Elements of R&D Innovation Strategy

COLTENE’s R&D strategy is based on finding solutions for effective, evidence-based procedures. These must meet the highest standards for long-term clinical success and treatment efficiency. Innovative and minimally invasive procedures can reduce the number and duration of dental treatment sessions required. This benefits patient well-being and enables more efficient dental-practice utilization. To perform these procedures, state-of-the-art products and devices reduce error tolerance and help ensure safe work processes in dental practices. Through these innovations, COLTENE makes important contributions to promoting improved dental health.

Group R&D Organization



Operational Review and Financial Commentary

The first half (H1 2021) of the current year was defined by the ongoing recovery of sales lost during the pandemic, a trend begun in H2 2020. The coronavirus pandemic fueled a sharp increase in Infection Control sales in the prior financial year. Even amid signs of some market saturation, sales performance remained encouraging for this product group in H1 2021. Dental Preservation and Efficient Treatment benefited as dental practices fully reopened, with sales rebounding at disproportionately high rates for both product groups. This sales performance and the relatively low cost base together delivered strong results in H1.

Having been negatively impacted by the coronavirus pandemic, the 2020 financial year is less relevant as a basis of comparison for current-year performance. For this reason, this Half-Year Report also refers to H1 2019 data in comparing year-on-year performance for key figures.

Growth Across All Product Groups

In the first half of 2021, the COLTENE Group generated net sales of CHF 143.5 million (H1 2020: CHF 103.9 million). Effective year-end 2020, COLTENE divested the Brazilian subsidiary Vigodent, with sales in H1 2020 of CHF 1.7 million. Adjusted for this divestment and calculated in local currency terms, Group sales in H1 2021 were up 43.0% year-on-year. In Swiss franc reporting currency terms, the increase was 38.1%. The foreign exchange losses in USD, the main sales currency, could not be offset via currency gains in EUR and CAD denominated transactions. In total, foreign exchange losses reduced Group sales by CHF 2.7 million.

Compared to H1 2019, sales in H1 2021 grew by 6.0% in the reporting currency.

Compared to H1 2019, sales in H1 2021 grew CHF 8.1 million in the reporting currency, a 6.0% increase. Adjusted for divestments and in local currency terms, the increase was even higher, at 15.6%. The negative currency effect compared to H1 2019 was CHF 9.5 million, or 7.2%.

Year-on-year, sales expanded at significant rates across all product groups, also from a low base due to the impact of the pandemic. Despite signs of some market saturation, Infection Control sales outpaced their already strong H1 2020 performance, by a wide margin. The disproportionate surge in surface disinfectant sales indicates that the stricter compliance measures for dental practice hygiene requirements are here to stay. Sales were also up for instrument cleaning, disinfection and sterilization equipment. Year-on-year and in local currency terms, sales in 2021 expanded 57.5% in Dental Preservation, 35.2% in Treatment Efficiency and 34.9% in Infection Control.

When compared against H1 2019 performance, current-year sales validate the strategically important acquisition of the SciCan Group in October 2018. Specifically, Infection Control sales expanded 54.7%, at constant exchange rates. The other two main product groups also did encouragingly well, with sales recovering to H1 2019 levels at constant exchange rates, even as dental practices in some areas continued operating below pre-pandemic levels of efficiency and productivity. This explains why, in local currency terms and compared to H1 2019, sales in H1 2021 were down 4.8% for Efficient Treatment, but up 0.8% for Dental Preservation. The market launch of new endodontic files by Micro-Mega helped support sales in this product group.

North America Remains Strongest Market

The relative shares of sales among the main geographic regions were essentially the same as before the half year under review. Our top market then as now is North America, contributing 50.3% of total sales (H1 2020: 47.9%). This region, which is also the home market of the SciCan Group reported the greatest increase in sales at 49.6% in local currency terms. In acquiring the SciCan Group, COLTENE has demonstrated strategic forward thinking, as there is above-average growth potential in disinfectant products and solutions for the ongoing improvement of dental-practice hygiene. The second most important market is Europe, Middle East and Africa (EMEA). This region's share of sales was 35.0% (H1 2020: 33.5%). At constant exchange rates, EMEA sales were up 45.9%. Latin America is the continent hardest hit by the coronavirus pandemic. In this light, sales growth for the region was all the more impressive, at 77.8% in local currency terms and adjusted for divestments. With the divestment of the Brazilian subsidiary Vigodent, Latin America's share of sales narrowed further, to 4.3% (H1 2020: 5.1%). The divestment allowed the COLTENE Group to eliminate the risks associated with the ongoing decline of the Brazilian currency. Sales in Asia, including its main market China, experienced an expansion of only 4.7% at constant exchange rates. Asia's share of sales dropped to 10.4% (H1 2020: 13.5%). This reflects the impact of measures taken against the coronavirus pandemic, especially in China. After a brief lockdown last year, the country successfully restarted its economy, with positive sales growth to match. In the half year under review, however, sales in China declined 17.3% (H1 2020: +3.6%!). Supply chain problems and production bottlenecks choked off sales growth in China. The expectation is that these challenges will be resolved over the remainder of the current year.

The strategically important acquisition of the SciCan Group in October 2018 proved a sound decision also in the context of the ongoing recovery.

Compared to H1 2019, North American sales grew at the fastest rate in H1 2021, their 24.8% expansion in local currency terms driven above all by the positive performance in Infection Control. Similarly, in the EMEA region, COLTENE achieved pleasing 9.6% sales growth, with the important markets of Germany, the UK, Russia, CIS and Switzerland the standout performers. In Asia, sales declined 5.1%. In China, the aforementioned logistics and production bottlenecks had a negative impact on sales, and in India the pandemic continued delaying a return to business as usual. Excluding these two countries, COLTENE Group sales expanded 9.6% in Asia. The 19.5% decline in sales in Latin America is entirely explained by the exclusion of Vigodent sales following the divestment of the subsidiary in Brazil. In the remaining Latin American markets, COLTENE Group sales were up 23.5% compared to H1 2019.

Robust Sales and Low Cost Base Deliver Strong Results

The growth in sales and changes to the product mix had a positive impact on our gross margin which in absolute terms expanded by CHF 28.2 million year-on-year, to CHF 97.0 million, or 67.6% of net sales (H1 2020: 66.2%). In H1 2019, our gross margin was 68.1%, which in comparison to H1 2021 reflects changes made to the product mix (share of wholesale goods reduced) and currency translation differences.

EBIT for the COLTENE Group in H1 2021 was CHF 26.0 million (H1 2020: CHF 2.6 million) and the EBIT margin was 18.1% (H1 2020: 2.5%). Compared to H1 2019 (EBIT: CHF 12.8 million), EBIT more than doubled in the half year under review and the EBIT margin was the highest ever achieved in the first half of any year. This is partly due to the positive sales performance benefiting from the catch-up effects related to the pandemic and partly due to the still relatively low cost base, as marketing and sales expenditure in particular came in below pre-pandemic levels. Payroll expenses, too, were lower compared to H1 2019 even as the COLTENE Group added a total of 53 full-time positions in H1 2021, primarily in production.

Depreciation and amortization expenses were only marginally higher year-on-year. The EBITDA margin expanded to 20.2% (H1 2020: 5.3%; H1 2019: 11.8%).

Compared to H1 2019,
North America sales
performed best, growing
24.8% in local currency
terms. EMEA sales were up
9.6% from H1 2019.

The financial result was about CHF 0.1 million lower than it had been for the first half of the previous year. The tax rate reported for H1 2021 was 27.4%. The income tax position included one-time withholding tax of CHF 0.9 million. Excluding this withholding tax, the tax rate for H1 2021 was 23.8%, down from 26.8% for H1 2019. At 80.9%, the tax rate for H1 2020 was extraordinarily high due to various effects (pandemic-related losses incurred in India, Brazil and elsewhere on which no tax assets had been recognized, and subsidiaries with pretax profits). Barring any unforeseeable events, the tax rate for the current year is expected to be lower than it was for H1.

For H1 2021, the consolidated net profit of the COLTENE Group was a strong CHF 18.2 million (H1 2020: CHF 0.3 million; H1 2019: CHF 7.9 million).

Free Cash Flow Increased

Cash flow from operating activities was CHF 13.6 million, up from the same period last year and the year before that (H1 2020: CHF 8.3 million; H1 2019: CHF 8.6 million). This was due to the recovery in business performance and also cost discipline even as net current assets rapidly expanded in the period under review. Cash flow from investing activities was CHF 4.8 million and as such was marginally lower, year-on-year (H1 2020: CHF 5.2 million; H1 2019: CHF 7.3 million). Cash flow from financing activities was reduced by an outflow of CHF 20.0 million due mainly to a dividend payment to shareholders in the amount of CHF 17.9 million. In H1 2020, cash flow increased by CHF 10.6 million as a result of a Group Management decision to draw bank loans as a contingency to bridge any liquidity squeeze (H1 2019: outflow of CHF 1.7 million).

Free cash flow grew by CHF 5.8 million to CHF 8.9 million.

Accordingly, free cash flow grew by CHF 5.8 million to CHF 8.9 million (H1 2020: CHF 3.1 million; H1 2019: CHF 1.3 million).

Strong Balance Sheet to Support Future Growth

As of 30 June 2021, the consolidated equity of the COLTENE Group was CHF 95.7 million (31 December 2020: CHF 90.2 million). Total assets as of 30 June 2021 were CHF 193.3 million (31 December 2020: CHF 187.6 million). Due to the dividend paid in April 2021 and the inventory increase, net debt rose to CHF 30.4 million at the balance sheet date (31 December 2020: CHF 21.9 million). The equity ratio increased to 49.5% (31 December 2020: 48.1%). The COLTENE Group balance sheet is healthy despite the challenging business environment, and liquidity is guaranteed at all times.

Ongoing Projects and Operating Activities

The actions taken during the pandemic have proved effective throughout the COLTENE Group. This is confirmed by the low infection numbers among employees and the swift response to rebounding demand in H1 2021. Protecting the health and safety of our employees remains our top concern. Staff work from home and meet online as appropriate; these policies will remain a workplace fixture, along with the greater demands on employee flexibility due to the pandemic.

At the Altstätten site, the facilities, offices and laboratories of Research & Development and Quality Management are undergoing comprehensive renovations and updates to bring them into line with tightened regulatory and QM requirements. Alongside these projects, steps are being taken to ensure optimal working conditions and efficient processes and procedures. The Group is continuously working to meet MDR certification standards for further products.

During the period under review, Kenda AG was fully integrated into Coltène/Whaledent AG, which now is the legal manufacturer responsible for producing and distributing Kenda's high-end dental polishers. Also in H1 2021, SciCan Medtech AG based in Zug, Switzerland, was merged with Coltène/Whaledent AG, which now serves SciCan's customers in Switzerland and Asia. At the Toronto (Canada) and Leutkirch (Germany) sites of the SciCan Group, SAP is being implemented and is on track to go live this year still. This means that by year-end, working with SAP will be standard across all COLTENE Group production sites.

To further enhance the quality of service it provides its end customers – that is, dental practices – the Group is working to implement a new software tool and create a knowledge database to cross-reference records of customer interactions in sales, training, device repairs, and other touch points for a total, integrated view. The launch is planned for H2 2021 and will then enable customer service staff to assist dentists in near-real time with all their information needs.

A further focus in H1 2021 was to ensure supply chain security for every type of production input and component needed to meet the surge in demand for COLTENE Group products. Logistics issues, the scarcity of resources affecting global supply chains, and shortages of certain materials and components were common challenges and did not spare the COLTENE Group. Uncertainty remains around how these bottlenecks and shortfalls continue evolving. Under certain conditions, they may have a negative impact on future business performance.

To assist end customers with all their information needs, COLTENE is working on an integrated customer relationship management platform.

MDR and EU-Switzerland Institutional Framework Agreement

At the end of May 2021, the new EU Medical Device Regulation (MDR) entered into force. There are extensive and long-term costs associated with implementing and complying with the MDR that are unrelated to EU-Switzerland relations. MDR conformity is indispensable to marketing third-country medical devices in the EU. COLTENE stepped up to this challenge early on and achieved its first MDR certification at the start of 2020. The Group has consistently highlighted the positive aspects of MDR implementation, including the MDR's potential to drive innovation and create incentives to design better and simpler products.

The mutual recognition agreement (MRA) between the EU and Switzerland to remove technical barriers of trade, which allows unrestricted access to the Common Market, was not renewed because negotiations on the Institutional Framework Agreement were broken off. In the future, this will adversely affect the ability of Swiss manufacturers to market their medical devices in the EU, as Switzerland will be relegated to third-country status without preferential market access.

To meet the new EU requirements in full, and meet them regardless of political outcomes, COLTENE proactively designated its subsidiary Coltène/Whaledent GmbH + Co. KG in Langenau, Germany, as its authorized representative in the EU (EU Representative) and as the importer of all COLTENE Group medical devices made in Switzerland. In addition, COLTENE updated its product labeling to reflect this. The EU Representative assumes certain manufacturer risks and responsibilities, including product liability, in the EU. This will cost COLTENE several hundred thousand Swiss francs annually, as products destined for the EU Market will require specific labeling and, with that, also additional expenditure on logistics and warehousing.

Consolidated Income Statement

In CHF 1000 (unaudited)	Ref.	H1 2021	H1 2020
Net sales	3	143 467	103 888
Other operating income		20	25
Changes in inventories of finished goods and work in progress		686	6 192
Raw material and consumables used		-47 181	-41 258
Personnel expenses	4	-48 024	-43 287
Other operating expenses		-19 942	-20 042
Depreciation on tangible fixed assets		-2 662	-2 651
Amortization on intangible assets		-405	-312
Operating profit (EBIT)		25 959	2 555
Financial income and expenses		-899	-1 034
Net profit before tax		25 060	1 521
Income taxes	5	-6 871	-1 231
Net profit for the period		18 189	290
Earnings per share		CHF 3.04	CHF 0.05
Diluted earnings per share		CHF 3.04	CHF 0.05

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

Consolidated Balance Sheet

In CHF 1000 (unaudited)	Ref.	30.06.2021	31.12.2020
Cash and cash equivalents		28 248	38 473
Trade accounts receivable		41 006	40 709
Prepaid expenses and deferred income		1 618	1 251
Other short-term receivables		2 621	3 147
Inventories		65 181	52 000
Current assets		138 674	135 580
Tangible fixed assets		49 238	47 235
Financial assets		546	355
Intangible assets		3 949	3 595
Deferred tax assets	5	914	866
Non-current assets		54 647	52 051
Total assets		193 321	187 631
Short-term financial liabilities		58 404	59 962
Trade accounts payable		7 424	7 690
Other short-term liabilities		8 994	9 079
Short-term provisions		1 001	1 158
Accrued liabilities and deferred income		15 496	13 122
Current liabilities		91 319	91 011
Long-term financial liabilities		202	377
Deferred tax liabilities	5	2 936	3 107
Long-term provisions		3 119	2 902
Non-current liabilities		6 257	6 386
Total liabilities		97 576	97 397
Share capital		598	598
Capital reserves		135 472	153 396
Treasury shares		-8	-2
Retained earnings		-40 317	-63 758
Total equity	8	95 745	90 234
Total liabilities and equity		193 321	187 631

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Consolidated Cash Flow Statement

In CHF 1000 (unaudited)	Ref.	H1 2021	H1 2020
Net profit for the period		18 189	290
Depreciation of tangible fixed assets and amortization of intangible assets		3 067	2 963
Change in provisions not affecting the fund		-33	-84
Other expenses and income not affecting the fund		7 454	3 231
Change in trade accounts receivable		961	17 291
Change in inventories		-10 751	-8 381
Change in other short-term receivables, prepaid expenses and deferred income		889	-2 134
Change in trade accounts payable		-489	-3 852
Change in other short-term liabilities, accrued liabilities and deferred income		2 976	717
Interest paid		-205	-358
Interest received		9	12
Income tax paid		-8 452	-1 377
Cash flow from operating activities		13 615	8 318
Purchase of tangible fixed assets		-3 945	-4 091
Proceeds from sale of tangible fixed assets		24	30
Purchase of intangible assets		-667	-649
Purchase of financial assets		-173	0
Proceeds from sale of financial assets		0	6
Acquisitions and disposals (net of cash)		0	-533
Cash flow from investing activities		-4 761	-5 237
Proceeds from financial liabilities		4 500	26 500
Repayments of financial liabilities		-6 593	-6 899
Dividends paid to shareholders	8	-17 924	-8 963
Proceeds/purchase of treasury shares	8	66	-22
Cash flow from financing activities		-19 951	10 616
Effect of exchange rate changes on cash		872	-498
Change in cash and cash equivalents		-10 225	13 199
Cash and cash equivalents at beginning of year		38 473	22 964
Cash and cash equivalents at end of half-year		28 248	36 163

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Consolidated Statement of Changes in Equity

In CHF 1000 (unaudited)		Share	Capital	Treasury	Currency	Goodwill	Retained	Total of	Total
	Ref.	capital	reserves (agio)	shares	translation adjustments	(offset)	earnings	retained earnings	equity
01.01.2020		598	162 359	-1	572	-230 380	158 062	-71 746	91 210
Net profit for the period		0	0	0	0	0	290	290	290
Acquisition of treasury shares		0	0	-220	0	0	0	0	-220
Share-based compensation		0	0	219	0	0	-22	-22	197
Dividends	8	0	-8 963	0	0	0	0	0	-8 963
Foreign currency differences		0	0	0	-3 908	0	0	-3 908	-3 908
Goodwill offset	7	0	0	0	0	-349	0	-349	-349
30.06.2020		598	153 396	-2	-3 336	-230 729	158 330	-75 735	78 257
Movements 01.07.-31.12.2020		0	0	-0	-820	4 855	7 942	11 977	11 977
01.01.2021		598	153 396	-2	-4 156	-225 874	166 272	-63 758	90 234
Net profit for the period		0	0	0	0	0	18 189	18 189	18 189
Acquisition of treasury shares		0	0	-279	0	0	0	0	-279
Share-based compensation		0	0	273	0	0	72	72	345
Dividends	8	0	-17 924	0	0	0	0	0	-17 924
Foreign currency differences		0	0	0	5 180	0	0	5 180	5 180
30.06.2021		598	135 472	-8	1 024	-225 874	184 533	-40 317	95 745

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

Selected Notes

COLTENE Holding AG – the holding company of the COLTENE Group (“the Group”) – is a stock corporation pursuant to the Swiss Code of Obligations. The Company’s legal domicile is in Altstätten, Switzerland. COLTENE Holding AG was founded in accordance with Swiss company law on 15 December 2005.

Under its umbrella brand COLTENE, the Group develops, manufactures, and sells mainly via distribution channels a broad and comprehensive range of disposables, tools and equipment for dentists and dental laboratories. The Group operates one segment defined in line with the management structure, the organizational set up, the reporting and allocation of resources. Internal and external reporting are aligned.

1 Accounting Policies

This unaudited Half-Year Report was approved for publication by the Board of Directors on 27 July 2021.

The consolidated Half-Year Report was prepared in accordance with Swiss GAAP FER 31 “Complementary Recommendation for Listed Public Companies”.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements as at 31 December 2020.

2 Currency Exchange Rates

Key exchange rates

	31.12.2019	30.06.2020	H1 2020
1 USD	0.9662	0.9512	0.9658
1 EUR	1.0854	1.0651	1.0642
1 CAD	0.7435	0.6951	0.7085
	31.12.2020	30.06.2021	H1 2021
1 USD	0.8803	0.9239	0.9083
1 EUR	1.0802	1.0980	1.0946
1 CAD	0.6910	0.7458	0.7286

3 Net Sales

Net sales are disaggregated by geographic area (determined by customer location) and by products and services are as follows:

Net sales by geographical regions

In CHF 1000	H1 2021	H1 2020
EMEA	50 226	34 773
North America	72 170	49 731
Latin America	6 139	5 330
Asia/Oceania	14 932	14 054
Net sales	143 467	103 888

Net sales by products and services

In CHF 1000	H1 2021	H1 2020
Infection Control	52 150	40 129
Dental Preservation	41 011	26 255
Efficient Treatment	50 306	37 504
Net sales	143 467	103 888

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

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

The dental consumables business of the COLTENE Group has a historically seasonal pattern. Slightly higher revenues and operating profits in local currencies are usually expected in the second half of the year. This is due to slightly stronger average monthly sales in the last quarter of the year as customers tend to achieve their annual sales targets with COLTENE as a vendor. However, due to the strong recovery in the first half of 2021 (H1 2021) we are expecting H2 2021 to be slightly weaker than H1 2021.

4 Personnel Expenses

In the second quarter of 2020, COLTENE Group was entitled to short-time work compensation of TCHF 2252. Personnel expenses are presented net of such compensations. Coltene did not receive any short-time work compensation for H1 2021.

5 Income and Deferred Taxes

Tax expenses of TCHF 6871 represent a tax rate of 27.4% (prior year 80.9%) on pretax profit. Last year's high tax rate reflected tax losses incurred in certain countries, for which no deferred tax assets were recognized. There are no such impacts included in this year's tax expenses. The tax rate of 27.4% for H1 2021 is in line with the H1 2019 tax rate of 26.8%

6 Changes in the Scope of Consolidation and Other Changes

As of 30 June 2021, the Group consolidation structure comprised 23 legal entities (year end 2020: 24). As of 1 January 2021 SciCan Medtech AG was merged into Coltene/Whaledent AG.

7 Theoretical Goodwill

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

Theoretical goodwill

In CHF 1000	2021	2020
Cost (gross) as of 01.01.	225 874	230 380
Additions from acquisitions	0	353
Cost (gross) as of 30.06.	225 874	230 733
Disposal	n/a	-4 859
Cost (gross) as of 31.12.	n/a	225 874

In CHF 1000	2021	2020
Accumulated currency effects as of 01.01.	-16 102	-3 671
Currency effects	13 187	-11 729
Accumulated currency effects as of 30.06.	-2 915	-15 400
Currency effects	n/a	-702
Accumulated currency effects as of 31.12.	n/a	-16 102

In CHF 1000	2021	2020
Accumulated amortization as of 01.01.	-119 084	-85 905
Amortization	-19 069	-19 005
Disposal	0	0
Accumulated amortization as of 30.06.	-138 153	-104 910
Amortization	n/a	-19 033
Disposal	n/a	4 859
Accumulated amortization as of 31.12.	n/a	-119 084

Theoretical book values net

In CHF 1000	2021	2020
As of 01.01.	90 688	140 804
As of 30.06.	84 806	110 423
As of 31.12.	n/a	90 688

Effect on income statement

In CHF 1000	2021	2020
Net profit 30.06.	18 189	290
Amortization on goodwill	-19 069	-19 005
Theoretical net profit incl. amortization of goodwill	-880	-18 715
Net profit 31.12.	n/a	8 232
Amortization on goodwill	n/a	-38 038
Theoretical net profit incl. amortization of goodwill	n/a	-29 806

Theoretical book values net

In CHF 1000	2021	2020
Equity according to balance sheet 30.06.	95 745	78 257
Theoretical capitalisation of net book value of goodwill	84 806	110 423
Theoretical equity incl. net book value of goodwill	180 551	188 680
Equity according to balance sheet 31.12.	n/a	90 234
Theoretical capitalisation of net book value of goodwill	n/a	90 688
Theoretical equity incl. net book value of goodwill	n/a	180 922

A theoretical capitalization of goodwill would have resulted in accumulated currency effects of TCHF 2915 (thereof TCHF 13 187 attributable to H1 2021), as the goodwill would be recorded in foreign currency (mainly Canadian dollar).

8 Equity

Based on the General Meeting decision on 31 March 2021, the Company distributed a dividend (distribution out of reserves from capital contribution) of CHF 3.00 (previous year: CHF 1.50) per share to its shareholders on 8 April 2021. The total amount paid was TCHF 17 924 (previous year: TCHF 8963).

The share capital represents the capital of COLTENE Holding AG. Treasury stock on 30 June 2021, included 84 shares (previous year: 19).

Treasury shares

in CHF	H1 2021		
	Number	Transaction Price (Ø)	Acquisition costs
As of 01.01.	19	89.48	1 700
Acquisitions	3 129	89.22	279 180
Share-based compensation	-3 064	112.71	-273 339
As of 30.06.	84	89.77	7 541

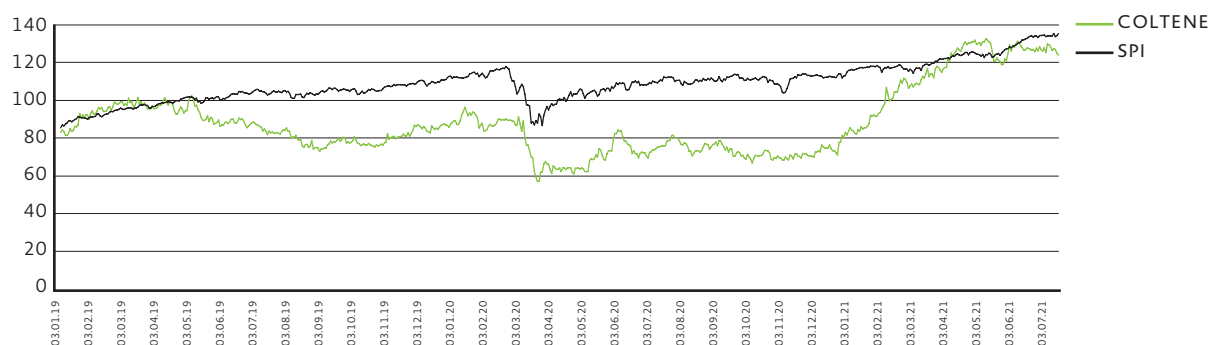
in CHF	H1 2020		
	Number	Transaction Price (Ø)	Acquisition costs
As of 01.01.	14	93.36	1 307
Acquisitions	2 500	87.87	219 679
Share-based compensation	-2 495	79.04	-219 286
As of 30.06.	19	89.48	1 700

9 Subsequent Events

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

Investor Relations

Share price performance (3 January 2019 to 13 July 2021)



COLTENE's share price increased by 75.9% during the first half of 2021 mainly due to the recovery after the COVID-19 pandemic, from CHF 86.00 to CHF 125.40. COLTENE paid a dividend of CHF 3.00 per share in April 2021 (distribution out of reserves from capital contribution).

Shareholder Structure ¹

As of 30 June 2021, there were 2071 shareholders entered in the share register (31 December 2020: 2204). The following shareholders held 3% or more of the share capital of COLTENE Holding AG as of 30 June 2021:

	30.06.2021	31.12.2020
HUWA Finanz- und Beteiligungs AG	22.35%	22.28%
Arthur Zwingenberger	17.28%	17.28%
Rätikon Privatstiftung	11.28%	10.18%
Robert Heberlein	3.96%	4.02%
UBS Fund Management (Switzerland) AG ²	3.22%	n.a.
Credit Suisse Asset Management Funds AG ²	3.08%	n.a.
Tweedy, Browne Company LLC ³	n.a.	4.21%

¹ For more information, refer to page 39 in the Corporate Governance section of the Annual Report 2020.

² Held less than 3% of share capital at 31 December 2020

³ Held less than 3% of share capital at 30 June 2021

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Financial Calendar

Release of Annual Report and media and analyst conference on 2021 financial year	4 March 2022
Annual General Meeting 2022	21 April 2022
Release of Half-Year Report and media and analyst conference on 2022 half-year results	5 August 2022

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Except for the Financial Statements and the Selected Notes and Investor Relations sections, this Half-Year Report is a translation from the German. In the event of any discrepancies, the original German language version shall be the governing text.