

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 28 July 2022.

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 2021.

2 Currency Exchange Rates

Key exchange rates

	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
	31.12.2021	30.06.2022	H1 2022
1 USD	0.9122	0.9589	0.9444
1 EUR	1.0331	0.9960	1.0319
1 CAD	0.7178	0.7419	0.7427

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 2022	H1 2021
EMEA	49 615	50 226
North America	61 642	72 170
Latin America	9 040	6 139
Asia/Oceania	14 646	14 932
Net sales	134 943	143 467

Net sales by products and services

In CHF 1000	H1 2022	H1 2021
Infection Control	42 081	52 150
Dental Preservation	41 002	41 011
Efficient Treatment	51 860	50 306
Net sales	134 943	143 467

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.

4 Income and Deferred Taxes

Tax expenses of CHF 3.4 million represent a tax rate of 22.0% (prior year: 27.4%) on pretax profit. This decline is mainly due to the higher profit at European entities, where the tax rate is lower.

5 Changes in the Scope of Consolidation and Other Changes

As of 30 June 2022, the Group consolidation structure comprised 23 legal entities (year end 2021: 23).

6 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	2022	2021
Cost (gross) as of 01.01.	225 874	225 874
Cost (gross) as of 30.06.	225 874	225 874
Cost (gross) as of 31.12.	n/a	225 874

In CHF 1000	2022	2021
Accumulated currency effects as of 01.01.	-10 604	-16 102
Currency effects	5 035	13 187
Accumulated currency effects as of 30.06.	-5 569	-2 915
Currency effects	n/a	-7 689
Accumulated currency effects as of 31.12.	n/a	-10 604

In CHF 1000	2022	2021
Accumulated amortization as of 01.01.	-157 152	-119 084
Amortization	-18 987	-19 069
Accumulated amortization as of 30.06.	-176 139	-138 153
Amortization	n/a	-18 999
Accumulated amortization as of 31.12.	n/a	-157 152

Theoretical book values net

In CHF 1000	2022	2021
As of 01.01.	58 118	90 688
As of 30.06.	44 166	84 806
As of 31.12.	n/a	58 118

Effect on income statement

In CHF 1000	2022	2021
Net profit 30.06.	12 126	18 189
Amortization on goodwill	-18 987	-19 069
Theoretical net profit incl. amortization of goodwill	-6 861	-880
Net profit 31.12.	n/a	31 708
Amortization on goodwill	n/a	-38 068
Theoretical net profit incl. amortization of goodwill	n/a	-6 360

Theoretical book values net

In CHF 1000	2022	2021
Equity according to balance sheet 30.06.	103 019	95 745
Theoretical capitalisation of net book value of goodwill	44 166	84 806
Theoretical equity incl. net book value of goodwill	147 185	180 551
Equity according to balance sheet 31.12.	n/a	107 399
Theoretical capitalisation of net book value of goodwill	n/a	58 118
Theoretical equity incl. net book value of goodwill	n/a	165 517

A theoretical capitalization of goodwill would have resulted in accumulated currency effects of CHF 5.6 million as the goodwill would be recorded in foreign currency (mainly Canadian dollar). The change of the currency effects compared to the previous periods amounts to CHF 5.0 million.

7 Equity

Based on the General Meeting decision on 21 April 2022, the Company distributed a dividend (distribution out of reserves from capital contribution) of CHF 3.30 (prior year: CHF 3.00) per share to its shareholders on 27 April 2022. The total amount paid was CHF 19.7 million (prior year: CHF 17.9 million).

The share capital represents the capital of COLTENE Holding AG. Treasury stock on 30 June 2022, included 68 shares (prior year: 84).

Treasury shares

in CHF	H1 2022		
	Number	Transaction Price (Ø)	Acquisition costs
As of 01.01.	84	89.77	7 541
Acquisitions	2 850	110.64	315 321
Share-based compensation	-2 866	110.10	-315 558
As of 30.06.	68	107.41	7 304

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

8 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.