ORIOR AG

ALTERNATIVE PERFORMANCE MEASURES FULL YEAR 2020

Alternative Performance Measures

ORIOR uses financial performance measures in its Annual Reports, Half Year Reports and additional communication with investors that are not defined by Swiss GAAP FER (Alternative Performance Measures). According to the management they provide useful and relevant information regarding the operative and financial performance of the group.

Below the most important performance measures are explained and reconciled to Swiss GAAP FER figures. The Alternative Performance Measures in use may not correspond to performance measures with similar names of other companies. Every Alternative Performance Measure shown in the financial report is related to the performance of the current or the previous year.

Performance

Net sales development

Due to its international profile and frequent acquisitions, the ORIOR Group compares net sales deviations to the previous year by looking at three effects:

- Organic growth
- Currency translation effect
- Acquisition effect

Organic growth

Organic growth is defined as the net sales deviations after removing acquisition / disinvestment effects and currency fluctuations. This allows a comparison to be made with the previous year, assuming that there is a steady consolidation scope and constant currencies. The organic growth calculated corresponds to the residual value after calculating the currency translation effect and the acquisition effect.

Currency translation effect

The currency translation effect shows the impact of currency fluctuations on net sales. It is calculated as the difference between the net sales of the current year and the net sales of the current year in constant currency (constant currency means the translation of foreign subsidiaries' net sales at the average currency rate of the previous year).

Acquisition effect

The acquisition effect presents the net sales gained by acquisitions. As long as the corresponding previous period has not been consolidated, these net sales are presented as an acquisition effect. This means that each acquisition's net sales of the first 12 months are considered part of the acquisition effect.

The resulting effects are then shown as a percentage of the net sales of the previous year.

Net sales development 2020	**Jan – Dec 20**	**Org**	**FX**	**Acq**	**Jan – Dec 19**
Net sales *in kCHF*	600 313	– 5 225	– 5 474	14 662	596 350
Net sales development by effect	**0.7%**	**– 0.9%**	**– 0.9%**	**2.5%**	
Ø currency rate CHF/EUR			1.0703		

Net sales development 2019	**Jan – Dec 19**	**Org**	**FX**	**Akq**	**Jan – Dec 18**
Net sales *in kCHF*	596 350	– 11 193	– 4 978	35 871	576 650
Net sales development by effect	**3.4%**	**– 1.9%**	**– 0.9%**	**6.2%**	
Ø currency rate CHF/EUR			1.1126		

Gross profit and gross margin

Gross profit and gross margin are not defined in the total cost method structure by Swiss GAAP FER. ORIOR uses gross profit and gross margin to explain the development of cost of goods sold. Gross profit consists of the net sales reduced by raw materials, goods and services purchases adjusted by the changes in inventories. Gross margin is calculated as gross profit divided by net sales.

in kCHF	Jan – Dec 20	Jan – Dec 19
Net sales	600 313	596 350
Raw materials / goods purchased	– 336 133	– 332 701
Changes in inventory	– 3 794	3 911
Gross profit	**260 386**	**267 561**
Gross margin	*43.4%*	*44.9%*

EBITDA and EBITDA margin

EBITDA equals earnings before interest, taxes, depreciation and amortisation. EBITDA margin is calculated as EBITDA divided by net sales.

in kCHF	Jan – Dec 20	Jan – Dec 19
Earnings before Interest and Tax (EBIT)	25 814	37 322
+ depreciation – tangible assets	19 047	17 904
+ amortisation – intangible assets	7 942	5 806
EBITDA	**52 803**	**61 031**

Net sales	600 313	596 350
EBITDA	52 803	61 031
EBITDA margin	**8.8%**	**10.2%**

Adjusted EBITDA

ORIOR uses an adjusted EBITDA in order to disclose the development of operative performance without profit-related impacts from acquisitions. Acquisition impacts mainly include transaction and integration costs with effect on profit and loss. This ensures comparability as these are one-off transaction and integration effects related to acquisitions. These adjustments on EBITDA are disclosed as Adjusted EBITDA. There were no material transaction and integration costs, neither in the reporting period nor in the previous year. Therefore, no reconciliation is needed.

Liquidity/capital structure

Equity ratio

Equity ratio is the ratio of total equity, including non-controlling interests, to total assets or total liabilities.

in kCHF	31.12.2020	31.12.2019
Total assets	379 430	404 301
Equity before non-controlling interests	66 380	78 261
Non-controlling interests	2 133	8 192
Equity after non-controlling interests	68 513	86 453
Equity ratio	**18.1%**	**21.4%**

ORIOR applies the method of goodwill offset against equity which is allowed according to Swiss GAAP FER. The theoretical capitalisation and amortisation of goodwill is shown in the notes to the annual report. The equity ratio would be calculated as follows under the assumption that ORIOR would apply the method of capitalising and depreciating goodwill:

in kCHF	31.12.2020	31.12.2019
Theoretical total assets incl. goodwill	495 315	514 282
Theoretical equity incl. goodwill	182 265	188 242
Non-controlling interests	2 133	8 192
Total theoretical equity incl. goodwill	184 398	196 434
Equity ratio incl. goodwill	**37.2%**	**38.2%**

Cash conversion

ORIOR defines cash conversion as relation of cash flow from operating activities to EBITDA. This performance measure shows how much of the operating result before depreciation and amortisation has been translated to cash flow from operating activities.

in kCHF	Jan – Dec 20	Jan – Dec 19
EBITDA	52 803	61 031
Cash flow from operating activities	52 290	57 093
Cash conversion	**99.0%**	**93.5%**

Net debt/EBITDA ratio

ORIOR uses this performance measure to demonstrate the relation between debt and profitability.
Net debt, which is calculated below, is divided by EBITDA.

in kCHF	Jan – Dec 20	Jan – Dec 19
EBITDA	52 803	61 031
+ Current financial liabilities	2 529	6 921
+ Non-current liabilities	166 599	163 263
– Cash and cash equivalents	– 17 760	– 19 442
Net debt	**151 368**	**150 742**
Net debt / EBITDA ratio	**2.87**	**2.47**

RoCE

Return on Capital Employed [ROCE] shows the profitability of the capital employed. EBIT of the last twelve months is divided by the capital employed as at reporting date. As the entire capital of an acquisition/disinvestment is included in capital employed, an acquisition's / disinvestment's EBIT of the months before / after the transaction is added / subtracted to show last twelve months.

in kCHF	Jan – Dec 20	Jan – Dec 19
+ Current assets	178 408	190 845
– Current liabilities	– 106 021	– 114 942
– Cash and cash equivalents	– 17 760	– 19 442
– Current financial assets	– 565	– 504
+ Current financial liabilities	2 529	6 921
+ Tangible assets	126 145	133 013
+ Intangible assets	72 616	78 887
+ Financial assets	2 261	1 556
Capital employed	**257 613**	**276 333**
EBIT – LTM*	25 814	37 322
EBIT – acquisitions	0	2 548
EBIT – LTM* adjusted	**25 814**	**39 869**
ROCE	**10.0%**	**14.4%**

*LTM = Last Twelve Months