

# Definitions and reconciliations

Selected information provided in this report include operational indicators or alternative financial performance measures (APM) that are not accounting measures defined by IFRS. The Group believes that investor understanding of PolyPeptide's performance is enhanced by disclosing such indicators and measures, since they provide additional insights into the underlying business, strategic progress and/or financial performance. Operational indicators and alternative financial performance measures should not be considered as substitutes to the Group's consolidated financial results based on IFRS. They may not be comparable to similarly titled measures by other companies. This section includes the definitions of the main operational indicators and financial performance measures provided as well as a reconciliation of selected alternative financial measures to the most directly reconcilable IFRS line item.

<b>Abbreviations</b>	<b>32</b>
<b>Operational indicators</b>	<b>33</b>
<b>Alternative financial measures (APM)</b>	<b>34</b>
<b>Reconciliations</b>	<b>35</b>

# Abbreviations

API – Active Pharmaceutical Ingredient

APM – Alternative Financial Performance Measure

CAGR – Compound Annual Growth Rate

CDMO – Contract Development and Manufacturing Organization

CMC – Chemistry, Manufacturing & Controls

GMP – Good Manufacturing Practice

ICH – International Council for Harmonization

IPO – Initial Public Offering

LCM – Life Cycle Management

NDA – New Drug Application

PPQ - Process Performance Qualification

SIX – SIX Swiss Exchange

## Operational indicators

As part of our financial disclosure we report revenue from our custom projects segment, and we occasionally make implicit or explicit reference to the underlying project pipeline as an indicator to measure operational performance. This includes the number of projects in total or in categories. Our project count for a given period includes only projects that are invoiced to our customers. Projects with parallel activities at more than one site, or which are transferred from one site to another, or which included multiple peptides are counted as one project. The synthesis or on-time manufacturing of small quantities of peptides, mostly for research or academic use, is not considered as a project.

Our reference to

- **pre-clinical projects** includes non-GMP manufacturing for the lead candidate selection, and subsequent non-GMP manufacture of the selected API for pre-clinical & toxicological studies;
- **phase I and phase II** projects include GMP manufacturing of the API for phase I and II clinical trials, including stability studies, process and analytical development as well as regulatory documentation;
- **phase III projects** includes GMP manufacturing of an API for the use in phase III clinical trials, including process validation (manufacturing of PPQ batches) and analytical methods validation as well as regulatory documentation (NDA filing support).

# Alternative financial performance measures (APM)

**EBITDA:** Operating result (EBIT) plus depreciation, amortization and impairment charges (if any).

**EBITDA Margin:** EBITDA as a percentage of revenue.

**Adjusted EBITDA:** EBITDA adjusted for non-recurring expenses or income to better reflect the underlying performance of the business.

**Adjusted EBITDA Margin:** Adjusted EBITDA as a percentage of revenue.

**Capital expenditures (Capex):** Investments in property, plant and equipment assets and intangible assets capitalized during a reporting period.

**Net operating assets:** The sum of Non-current assets plus Current assets less Cash and cash equivalents less Current liabilities.

**Return on net operating assets (RONOA):** Last twelve months Operating result in percent of average Net operating assets.

**Equity ratio:** Equity at the end of the period divided by Total assets at the end of the period.

**Free Cash Flow (FCF):** Net cash flows from operating activities less cash paid for acquisition of intangible assets less cash paid for acquisition of property, plant and equipment assets.

**Net Cash:** Cash and cash equivalents less interest-bearing loans and borrowings less lease liabilities less other financial liabilities.

# Reconciliations

## Operating result to EBITDA and Adjusted EBITDA

kEUR	H1 2021	H1 2020
Operating result	30,803	10,160
Depreciation, amortization and impairment charges (if any)	9,086	8,359
<b>EBITDA</b>	<b>39,889</b>	<b>18,519</b>
Government loans waived	-2,370	0
IPO consultancy services	1,381	0
IPO cash bonus	1,342	0
IPO share bonus	2,998	0
<b>Adjusted EBITDA</b>	<b>43,240</b>	<b>18,519</b>

For further information, see also note 5 to the financial statements.

## Free Cash Flow

kEUR	H1 2021	H1 2020
Net cash flows from operating activities	41,038	13,949
Acquisition of intangible assets	-1,969	-1,550
Acquisition of property, plant and equipment	-33,265	-13,544
<b>Free Cash Flow</b>	<b>5,804</b>	<b>-1,145</b>

## Net Cash

kEUR	As at 30 June 2021	As at 31 December 2020
Cash and cash equivalents	187,362	17,208
Interest-bearing liabilities (Total financial debt):		
Interest-bearing loans and borrowings (Non-current)	0	-25,000
Lease liabilities (Non-current)	-11,119	-10,454
Other financial liabilities (Non-current)	-10,808	-16,697
Interest-bearing loans and borrowings (Current)	-25,000	0
Lease liabilities (Current)	-2,175	-1,979
Other financial liabilities (Current)	-6,955	-10,199
Interest-bearing liabilities (Total financial debt)	-56,057	-64,329
<b>Net Cash</b>	<b>131,305</b>	<b>-47,121</b>

## Return on net operating assets (RONOA)

kEUR	H1 2021	H1 2020
Last twelve months Operating result	65,021	28,483
Average Net operating assets:		
Total non-current assets	188,895	153,546
Total current assets	254,024	143,315
Cash and cash equivalents	-98,045	-8,268
Total current liabilities	-90,965	-54,661
Average Net operating assets	253,909	233,932
<b>Return on net operating assets (RONOA)</b>	<b>25.6%</b>	<b>12.2%</b>