

# Non-GAAP Financial Measures

Tornos supplements its Swiss GAAP FER results with non-GAAP financial measures. The main non-GAAP financial measures are EBIT, EBITDA, Net cash, Free Cash flow and Net Working Capital.

## EBIT and EBITDA

Tornos defines EBITDA as operating result plus non-operating result excluding depreciation on tangible fixed assets and amortization on intangible assets and EBIT as operating result plus non-operating result. Tornos believes that EBITDA and EBIT are important performance indicators because they provide a measure of comparability to other companies with different capital or legal structures, which accordingly may be subject to disparate interest rates and effective tax rates, and to companies which may incur different depreciation and amortization expenses, or impairment charges related to fixed and intangible assets.

In CHF 1 000	2020	2019
Operating result	-31 063	6 374
Non-operating result	3 378	57
<b>EBIT</b>	<b>-27 685</b>	<b>6 431</b>
Depreciation and amortization	4 109	4 310
<b>EBITDA</b>	<b>-23 576</b>	<b>10 741</b>

## Free Cash flow

Tornos defines Free Cash flow as cash flow from operating activities plus cash flow from investing activities. Tornos believes that Free Cash flow is an important information because it represents the cash Tornos is generating after required investment in its asset base are done and therefore can be used to cover financing requirements or be distributed to shareholders.

## Net Working Capital

Tornos defines Net Working Capital as the total of current assets and liabilities without taking into consideration cash and cash equivalents, interest bearing borrowings and provisions. Tornos considers that Net Working Capital is an important information since it shows whether Tornos has sufficient current assets to meet its current liabilities. Changes in Net Working Capital shown in the Consolidated Statement of Cash flows only include cash-effective changes.

In CHF 1 000	31.12.2020	31.12.2019
Trade receivables	12 244	16 865
Inventories - net	69 375	101 871
Other short-term receivables	2 276	3 356
Prepayments and accrued income	1 572	2 337
Trade payables	-8 722	-23 174
Current tax liabilities	-43	-206
Other liabilities	-9 463	-8 234
Accrued liabilities and deferred income	-5 673	-7 331
<b>Net Working Capital</b>	<b>61 566</b>	<b>85 484</b>

## Net cash

Tornos defines Net cash as cash and cash equivalents less the interest bearing borrowing (current and non-current). Tornos believes that Net cash is an important information because it presents the available cash and takes in consideration of the shareholder loan.

In CHF 1 000	31.12.2020	31.12.2019
Cash and cash equivalents	17 329	14 440
Interest bearing borrowings (current)	-2 195	-15 113
Interest bearing borrowings (non-current)	-20 126	-201
<b>Net cash</b>	<b>-4 992</b>	<b>-874</b>