

DEFINITION OF ALTERNATIVE PERFORMANCE MEASURES

Sika uses in its communications financial performance measures that are not defined by IFRS. Management believes that these non-IFRS financial performance measures provide useful information regarding the Sika's financial and operating performance. Such measures may not be comparable to similar measures presented by other companies. The main alternative performance measures used by the Group are explained in this document.

This document has been prepared in conformity with the Directive on the Use of Alternative Performance Measures, issued by SIX Exchange Regulation Ltd.

ORGANIC GROWTH AND ACQUISITION IMPACT

Organic growth represents the growth of the business after removing the impacts of acquisitions, discontinued operations, and exchange rate movements. For purposes of calculating organic growth the sales of an acquired business are excluded for the 12 months following the business combination, but incremental sales generated by post-acquisition expansion of the business are generally included. Prior year sales from discontinued operations are negatively considered in the acquisition impact for the 12 months following the disposal and hence do not affect organic growth.

The effect of changes in foreign exchange rates are calculated as the prior year sales' values converted at the current year's exchange rates, less the prior year's sales converted at the prior year's rates. In countries experiencing hyperinflation the organic growth rate is adjusted for the inflation effect.

OPERATING FREE CASH FLOW

Operating free cash flow represents the cash generating capability of the Group to conduct and maintain its operations, to finance dividend payments, to repay debt, and to undertake acquisitions.

Operating free cash flow equals cash flow from operating activities less net investment in property, plant, and equipment, less net investment in intangible assets.

RETURN ON CAPITAL EMPLOYED (ROCE)

Return on capital employed expresses earning power of the invested capital of the Group.

The numerator is operating profit (EBIT) of the past twelve months, denominator is the average capital employed of the same period.

Capital employed equals current assets, property, plant, and equipment, intangible assets less cash and cash equivalents, current securities, current liabilities (excluding bank loans and bonds).

NET DEBT

Net debt is an indicator of the Group's ability to meet financial commitments, to pay dividends, and to undertake acquisitions.

Net debt represents the net level of financial debt contracted by the Group with external parties (e.g. bonds, lease liabilities, bank loans) after considering cash, cash equivalents, and current securities. Derivative financial instruments are not considered.

NET WORKING CAPITAL

Working capital is capital invested in the Group's operating activities. It is a driver for cash flow and an indicator of operational efficiency.

Net working capital equals accounts receivable and inventories less accounts payable.

This set of definitions can be found on our website: <https://www.sika.com/en/investors/reports-publications/financial-reports/alternative-performance-measures.html>