

Description of financial performance measures

Performance measure	Description	Reason for use
Adjusted income	Adjusted income is income net of items affecting comparability.	An adjustment to exclude items affecting comparability.
Average equity/operating capital	Average capital is computed on the closing balance of each month in the accounting period, i.e. twelve periods for the full year. All average capital ratios are calculated in this way.	Ensures accurate calculation of return on equity and operating capital.
Capital turnover rate	Net sales divided by average operating capital.	Shows the efficiency of the use of operating capital.
Cash flow from operating activities	Net income for the period adjusted for items that are not cash inflows or outflows but accounting costs, such as depreciation and capital gains/losses. Adjustments are also made for financial items and income taxes paid, and changes in inventories, operating receivables and operating liabilities.	Shows cash flow from operations that can be used for investments and acquisitions.
EBITDA according to bank definition	Income before financial income and costs, tax, depreciation and impairment and profit share from associated companies, on a rolling 12 month basis, adjusted for acquired and divested companies.	To calculate the key ratio Net debt according to bank definition/ EBITDA according to bank definition.
Equity ratio	Equity divided by total assets.	Shows what proportion of the assets that are financed by the owners.
Interest coverage ratio	Interest coverage ratio is calculated as income after financial items plus finance costs divided by finance costs.	Shows the ability to cover interest expenses.
Investments in non-current assets	Total of the period's investments in property, plant & equipment and intangible assets.	The size of the investments made to maintain existing capacity and to achieve expansion and growth.
Items affecting comparability	The Group's income can be inflated or reduced by certain items that affect comparability. These are one-time items not directly related to the planned future operations and outside the range of MSEK +/-30.	Accounting for items that have been adjusted due to specific events that otherwise affect comparability between different periods. Provides a better understanding of the operating activities.
Liquidity reserve	Cash and cash equivalents and loans granted under the provisions in the existing loan agreements.	Shows the available borrowing capacity based on the current loan agreements.

Net debt	Net debt comprises of interest-bearing liabilities, including pension liabilities and accrued net interest, less financial assets.	To show the net of interest-bearing assets and interest-bearing liabilities.
Net debt according to bank definition	Net debt comprises of interest-bearing liabilities minus subordinated debentures, less cash and cash equivalents.	To calculate the key ratio Net debt according to bank definition/ EBITDA according to bank definition.
Net debt according to bank definition /EBITDA according to bank definition	Net debt according to bank definition divided by EBITDA according to bank definition.	Indicates how fast a company can repay its debt (expressed in years).
Net debt/equity ratio	Net debt divided by equity.	Shows financial risk and is therefore used to view the level of debt funding.
Net financial income	Net financial income is finance income less finance costs.	Shows the net result of the company's financial operations.
Operating capital	Operating capital is non-interest-bearing assets minus non-interest-bearing liabilities. Tax assets and tax liabilities are not included in operating capital's assets and liabilities.	Shows how much capital that is used in the operations.
Operating income	Operating income consists of net sales and other operating income less operating expenses.	Shows the result of operating activities.
Operating margin	The operating margin is calculated as operating income as a percentage of net sales for the period.	Shows value creation in the operations.
Return on equity	Return on equity is net income for the period divided by average equity.	Shows owners the return on their invested capital.
Return on operating capital	Return on operating capital is operating income for the period divided by average operating capital.	Measures the return on the capital tied up in the business.