

# Alternative performance measures

Non-IFRS performance measures	Definition	Reason for use of measure
<b>Gross profit</b>	Net sales less cost of goods sold.	Gross profit is the profit measure used by Executive Management to monitor the profitability directly related to net sales.
<b>Gross margin (%)</b>	Gross profit as a percentage of net sales during the period.	The measure is a material complement to the gross profit, which only states the change in absolute figures, and provides an understanding of value creation over time.
<b>Operating profit (EBIT)</b>	Profit before financial items and taxes.	The measure is used to measure the profit generated by the operating activities.
<b>Operating margin (EBIT margin) (%)</b>	Operating profit as a percentage of net sales during the period.	The measure is used to assess profitability generated by the operating activities and provides an understanding of value creation over time.
<b>Adjusted operating profit (Adjusted EBIT)</b>	Operating profit excluding items affecting comparability such as acquisition income and expenses, as well as listing costs.	Adjusted operating profit is a measure used by MIPS to maintain comparability between periods and to be able to report a result for operating activities.
<b>Adjusted operating margin (%)</b>	Adjusted operating profit as a percentage of net sales during the period.	See explanation under the description for "Adjusted operating profit."
<b>Equity ratio (%)</b>	Equity in relation to total assets.	The measure states the proportion of total assets composed by equity and contributes to a greater understanding of MIPS' capital structure.
<b>Cash flow from operating activities</b>	Cash flow from the primary income-generating operating activities.	The cash-flow measure is used by Executive Management to monitor the cash flow generated by the operating activities.
<b>Last 12 months rolling comparison (LTM)</b>	Indicates net sales and adjusted operating profit as a 12-month period from the most recent quarter.	The key performance measure provides Executive Management with an indication of performance over time without having to wait to compare with the next calendar year to do so.
<b>Average number of employees</b>	The average number of employees converted to full-time positions.	Converting the number of employees to full-time positions makes the measure comparable over periods and in the event of differences in working hours.

MIPS uses certain performance measures that are not defined in the IFRS rules for financial reporting which MIPS applies. The alternative performance measures presented are a complement to the IFRS-defined measures and are used by MIPS' management to monitor and control the operations. Accordingly, these alternative performance measures, as

they are defined, are not fully comparable with other companies' performance measures of the same name. For more information regarding the purpose of each alternative performance measurement and financial derivation, please visit [www.mipscorp.com/investors/](http://www.mipscorp.com/investors/)