

Company  
Att. CFO

2\_2024

## Review of 2022 annual report

The Council for Swedish Financial Reporting Supervision ('the Council') has reviewed the financial information presented in Company's ('the Company') 2022 annual report. Based on its review, the Council submitted questions to the Company on 18<sup>th</sup> of September and 15<sup>th</sup> of November 2023. The Council received the Company's responses on 23<sup>rd</sup> of October and 28<sup>th</sup> of November 2023. Based on the written correspondence and other communication pertaining to the matter, the Council considers that the Company departs in certain respects from IFRS regulations in a manner that may affect evaluation of the Company's financial information. The Council's assessment and decision is presented below. The Company was given the opportunity to comment on the Council's preliminary assessment in the Council's notice of 20<sup>th</sup> December 2023.

### Operating segments– IFRS 8

In its annual report 2022 the Company discloses two operating segments based on geographic perspective. According to the note the segment information is reported in a manner consistent with the internal reporting provided to the executive management. The measure of profit or loss that the Company discloses for each segment consists of Operating results and Net results from continuing operations.

The Council asked the Company to clarify which results were regularly reviewed by the Company's executive management (the chief operating decision maker) for the purpose of making decisions about allocating resources to the operating segments and to assess its performance, which are presented in the Company's annual report.

Based on the Company's response, the Council identified that the measure of the segments profit or loss which was used by the Company in its internal reporting is operating netback, which is not presented in the segment information note. Operating netback corresponds to revenue net of royalties and production and operating expenses.

The Company has confirmed that operating netback is the measure of segment profit or loss that is regularly reviewed by executive management, rather than operating result and net result from continuing operations.

For each reportable segment, IFRS 8 p 23 requires an entity to disclose a measure of profit or loss.

According to IFRS 8 p 25 the amount of each segment item reported shall be the measure reported to the chief operating decision maker for the purposes of making decisions about allocating resources to the segment and assessing its performance.

Thus, the proper disclosure of the measure of profit or loss used by the entity is necessary for the readers of the financial statements to understand how the entity's management follows up the operating segments' results.

The Council 's view is that the operating netback should have been disclosed in the operating segment information as this is the measure of segment profit or loss that is regularly reviewed by the Company's executive management.

The Company confirmed in its answer to the Council that the segment information would be completed in the coming financial report by disclosing operating netback for the reported operating segments. The Company will also provide a reconciliation of operating netback to the entity's profit or loss before tax expense (tax income) and discontinued operations.

#### *Decision*

The Council deems that the omitted disclosure of the relevant measure of an operating segment's profit or loss that is regularly reviewed by the chief operating decision maker, which is operating netback, is a minor regulatory violation pursuant to §13 section 2 of the Swedish Financial Supervisory Authority's regulations (FFFS 2018:18). The Council requests the Company to provide the relevant information in the Company's future financial reports according to IFRS 8 p 23 and p 25.

The Council has no further comments as regards other issues that have arisen during the review.

The Council will inform the Swedish Financial Supervisory Authority (FSA) of its decision. The measures covered by the decision will be followed up. If the Council finds that the Company fails to comply with the decision, the matter will be referred to the FSA.<sup>1</sup> The decision will be published on the Council's website in anonymised format. All transmitted documents will be available in Admincontrol for 30 days following this decision, after which access will be terminated.

Kind regards,

Maria Snöbohm  
Chair

Göran Melin  
Deputy chair

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<sup>1</sup> FFFS 2018:18 §14.