

# Spotlight's guidelines on financial reporting

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## 1. What and when?

A listed company must, on a quarterly basis, publish interim reports on its financial status:

- For the first and third quarters, an interim report or quarterly statement is published
- For the second quarter, a half-year report is published
- For the fourth quarter, a year-end report is published

Interim reports must be published no later than two months after the end of the reporting period.

(See Spotlight's Regulations 4.1 and 4.2)

If a company is approved for listing during a period that occurs within two months after a reporting period, an interim report for the previous quarter should be published, provided that the figures of the reporting period is not included in the listing memorandum, listing prospectus or has been published in an interim report on another MTF or regulated market.

Example: A company publishes a listing memorandum with a financial overview including figures as of 2018-12-31. The company receives approval of listing 2019-05-31. The company must publish an interim report for the first quarter of 2019 on the same day at the latest.

An interim report should be published for all four quarters of the year. Earlier, a possibility to present summarized quarterly statements was available for the first and third quarter as an alternative to a full interim report. Since April 1<sup>st</sup> 2019, this option is no longer available. Companies that has published summarized quarterly statements before Spotlight's new regulation took effect, may continue to present summarized quarterly statements until the beginning of the fiscal year of 2020.

## 2. What to do regarding group relations

If the company is a parent company, the interim report submitted must pertain to both the parent company and the group. This means that the report must contain all financial statements for both the parent company and the group. It must be stated which statements refer to the parent company and which statements refer to the group.

Exemption from consolidated statements can in general not be granted.

(See Spotlight's Regulations 4.3)

## 3. Content requirements

The following must be included in interim reports, half-year reports and year-end reports, as also set out in Spotlight's regulations, 4.4, 4.5 and 4.6.

- Condensed income statement with comparative figures for the equivalent period of the immediately preceding financial year
- Condensed balance sheet as at the close of the reporting period concerned, with comparative figures as at the close of the immediately preceding financial year
- Significant incomes and expenses
- Profit/loss, after tax, per share.
- A brief comment on the progression of earnings and position, with an emphasis on the latest quarter
- The number of outstanding shares at the end of the reporting period with comparative figures for the equivalent period of the immediately preceding financial

year. Where relevant number of outstanding shares should also be presented after full conversion of outstanding convertible debt instruments or full exercise of other certificates carrying the right to subscribe for new shares in the company.

- When the next report will be published
- A statement of whether the report has been reviewed by the company's auditors; if a review has been performed, the auditor's report shall be included in the interim report.

For **half-year reports**, the following shall also be provided:

- Condensed cash flow statement for the accumulated reporting period with comparative figures for the immediately preceding financial year

For **year-end reports**, the following shall also be provided:

- Condensed cash flow statement for the financial year with comparative figures for the immediately preceding financial year
- Dividend proposal (if no dividend is proposed, this shall be stated)
- Where and when the complete annual report and, where relevant, consolidated financial statements will be made available
- A disclosure of the date and location of the AGM
- Comment regarding the company's compliance with the going concern principle.

#### **4. Forecast**

If the report contains a forecast or other forward-looking statement, the conditions forming the basis of the forecast or statement shall be disclosed, as also set out in Spotlight's Regulations 4.9. The forecast shall also be subject to continual follow-up in future reports, in which the outcome shall be compared with the forecast.

#### **5. Which financial reports should reference MAR?**

Since July 3, 2016, disclosure of inside information must include a so-called MAR label. When a company discloses a financial report containing inside information, the press release must therefore reference the EU's Market Abuse Regulation (MAR) with a MAR label. If the report does not contain inside information, the press release should not reference MAR. Determining whether a financial report contains inside information must be made on a case-by-case basis. If the company determines that the report contains inside information, a MAR label must be affixed to the press release. Individual circumstances specific to the financial report may constitute inside information. Normally, however, it is the report in its entirety that potentially constitutes inside information.

##### **Can the company delay disclosure of inside information in a financial report?**

MAR does not contain any special provisions on this, nor have ESMA or the Swedish Financial Supervisory Authority published any guidance. In Spotlight's assessment, companies may assume until further notice that they have a legitimate interest in delaying disclosure of inside information until the announced reporting date if the other conditions for delayed disclosure are met.

If the financial result substantially deviates from what the market reasonably can expect, based on the company's previously disclosed information, the information of such deviation may

constitute insider information and should thus be disclosed as soon as possible. This is normally called a profit warning or a reversed profit warning. In the case of a profit warning, a delayed disclosure would probably mislead the market, hence, a profit warning should immediately be disclosed to the market, regardless of which date the interim report is scheduled to.

If the financial results and the information in the report fall within what can be considered a normal trend given what the company has previously communicated and other circumstances, it should not require a profit warning from the company.

It is important that the company establish a routine and take the necessary measures to be able to assess whether the financial report contains insider information. This is complex, so we suggest that companies are able to argue for the choices they have made. Make sure it becomes routine to repeatedly assess whether report contains insider information while it is being prepared. If the report is assessed to contain insider information, the same measures has to be taken as when handling other insider information, for example requirement of documentation of when the insider information occurred, insider list and delayed disclosure. Regardless, the interim report should always be kept confidential and within a narrow circle before disclosure.

## **6. Reporting date**

As previously noted, each report must be published no later than two months after the end of the quarter. The company can choose the publication date, provided it is a weekday during the prescribed period. In each report the company must state the publication date of the next report.

As a rule, the report should be released on the date stated in the previous report. If necessary, the report's publication can be changed to a later or earlier date. In that case the company must announce the change in advance through a press release. The publication date cannot be changed to a date more than two months after the end of the reporting period, however.

### **When should a report moved forward?**

Regardless of the inside information rules in MAR, a report that is ready much earlier than the announced reporting date should be brought forward. This is because a report that is fully completed should not wait for disclosure longer than necessary.

## **7. Going concern principle and future funding**

The going concern principle means in practice that there must be enough liquidity for the company to continue to operate for the next 12 months. If there is not enough liquidity for this period, calculated from the closing date, the company must note this in the year-end report and annual report.

If the company does not meet the requirement for the going concern principle, the reasons why and an assessment of its impact on the company's financial position and results must be indicated in the report.

If there is not enough liquidity for the next 12 months, the auditor is obligated to mention this in the auditor's report. The company must also comment on it in connection with the publication of the annual report.

Should the company lack liquidity for operations that exceeds what is needed for the upcoming quarter, the company should promptly inform Spotlight. (See Spotlight's Regulations 5.5).

Agreements with related parties, for example loans to resolve short term strained liquidity requires the company to inform the market in accordance to Spotlight's Regulations 4.21.

## 8. Report layout

The following is a suggestion for the content (in bold) for each report, with comments where relevant

### **Interim report one (Q1)**

#### **First quarter 01/01/2019 – 31/03/2019**

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*Comment:* At the beginning of the report, the company should state some key figures (bullet points) regarding each period. The same key figures should be used in all reports. Insofar that the company uses alternative key figures, it is recommended that these are also defined in the report. The key figures shall also have comparative figures for the equivalent period of the immediately preceding financial year.

#### **CEO comments on the period**

#### **Significant events during and after the end of the period**

#### **Financial review/information**

*Comment:* The financial comments shall provide the reader with further understanding of the progression of the company's earnings, and its financial position. If needed, the information in the financial outcome can be reiterated, although the comments shall primarily be focused on providing the reader with a greater possibility of a deeper understanding and analysis, for instance why the company's income and expense have changed compared with previous periods.

The financial comments also set a framework for the extent to which the company's spokesperson can comment on the financial performance in a dialogue with e.g. analysts or investors.

#### **Whether or not the report has been audited**

*Comment:* If the report has been audited by the company's auditor, the auditor's report shall also be appended when publishing the report.

#### **Number of shares at the end of the period**

#### **Date for future reports**

#### **Condensed income statement and balance sheet**

##### Income statement

In the first interim report (Q1), at least two columns are required in the income statement. In that case, the income statement shall only describe the last three months. If the company's financial year is the calendar year, the format will be as follows.

01/01/2019 – 31/03/2019	01/01/2018 – 31/03/2018	<b>01/01/2018 – 31/12/2018</b>
		<b>This column is not a requirement, but a recommendation</b>

Balance sheet

The balance sheet shall have the following format:

31/03/2019	<b>31/03/2019</b>	31/12/2019
	<b>This column is not a requirement, but a recommendation</b>	

**Interim report two (half-year report or Q2)**

**Second quarter 01/04/2019 – 30/06/2019**

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**First six months 01/01/2019 – 30/06/2019**

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*Comment:* At the beginning of the half-year, the company should state some key figures (bullet points) regarding each period. The same key figures should be used in all reports. Insofar that the company uses alternative key figures, it is recommended that these are also defined in the report.

**CEO comments on the period**

**Significant events during and after the end of the period**

**Financial review/information**

*Comment:* These financial comments shall give readers further understanding of the progression of the company's earnings, and its financial position. If needed, the information in the financial outcome can be reiterated, although the comments shall primarily be focused on providing the reader with a greater possibility of a deeper understanding and analysis, for instance why the company's income and expense have changed compared with previous periods.

The financial comments also set a framework for the extent to which the company's spokesperson can comment on the financial performance in a dialogue with e.g. analysts or investors.

**Whether or not the report has been audited**

*Comment:* If the report has been audited by the company's auditor, the auditor's report shall also be appended when publishing the report.

**Number of shares at the end of the period**

**Date for future reports**

**Condensed income statement, balance sheet and cash flow statement**

Income statement

In the half-year report, at least four columns are required in the income statement. The income statement shall therefore describe the last three months and the last six months cumulatively. If the company's financial year is the calendar year, the format will be as follows.

01/04/2019 – 30/06/2019	01/04/2018 – 30/06/2018	01/01/2019 – 30/06/2019	01/01/2018 – 30/06/2018	<b>01/01/2018 – 31/12/2018</b>
				<b>This column is not a requirement, but a recommendation</b>

Balance sheet

The balance sheet shall have the following format

30/06/2019	<b>30/06/2018</b>	31/12/2018
	<b>This column is not a requirement, but a recommendation</b>	

Cash flow statement

The cash flow statement shall have the following format

01/01/2019 – 30/06/2019	01/01/2018 – 30/06/2019	<b>01/01/2018 – 12/31/2018</b>
		<b>This column is not a requirement, but a recommendation</b>

**Interim report three (Q3)**

**Third quarter 01/07/2019 – 30/09/2019**

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**Nine months 01/01/2019 – 30/09/2019**

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*Comment:* At the beginning of the report, the company should state some key figures (bullet points) regarding each period. The same key figures should be used in all reports. Insofar that the company uses alternative key figures, it is recommended that these are also defined in the report. The key figures shall also have comparative figures for the equivalent period of the immediately preceding financial year.

**CEO comments on the period**

**Significant events during and after the end of the period**

**Financial review/information**



*Comment:* These financial comments shall give readers further understanding of the progression of the company's earnings, and its financial position. If needed, the information in the financial outcome can be reiterated, although the comments shall primarily be focused on providing the reader with a greater possibility of a deeper understanding and analysis, for instance why the company's income and expense have changed compared with previous periods.

The financial comments also set a framework for the extent to which the company's spokesperson can comment on the financial performance in a dialogue with e.g. analysts or investors.

**Whether or not the report has been audited**

*Comment:* If the report has been audited by the company's auditor, the auditor's report shall also be appended when publishing the report.

**Number of shares at the end of the period**

**Date for future reports**

**Condensed income statement and balance sheet**

Income statement

In the third interim report, at least four columns are required in the income statement. The income statement shall therefore describe the last three months separately and the first nine months of the year cumulatively. If the company's financial year is the calendar year, the format will be as follows.

01/07/2019 – 30/09/2019	01/07/2018 – 30/09/2018	01/01/2019 – 30/09/2019	01/01/2018 – 30/09/2018	<b>01/01/2018 – 31/12/2018</b>
				<b>This column is not a requirement, but a recommendation</b>

Balance sheet

The balance sheet shall have the following format.

30/09/2019	<b>30/09/2018</b>	31/12/2018
	<b>This column is not a requirement, but a recommendation</b>	

**Year-end report (Q4)**

**Fourth quarter 01/10/2019 – 31/12/2019**

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**Full year 01/01/2019 – 31/12/2019**

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At the beginning of the report, the company should state some key figures (bullet points) regarding each period.

The same key figures should be used in all reports. Insofar that the company uses alternative key figures, it is recommended that these are also defined in the report. The key figures shall also have comparative figures for the equivalent period of the immediately preceding financial year.

**CEO comments on the period**

**Significant events during and after the end of the period**

**Financial review/information**

*Comment:* These financial comments shall give readers further understanding of the progression of the company's earnings, and its financial position. If needed, the information in the financial outcome can be reiterated, although the comments shall primarily be focused on providing the reader with a greater possibility of a deeper understanding and analysis, for instance why the company's income and expense have changed compared with previous periods.

The financial comments also set a framework for the extent to which the company's spokesperson can comment on the financial performance in a dialogue with e.g. analysts or investors.

**Whether or not the report has been audited**

*Comment:* If the report has been audited by the company's auditor, the auditor's report shall also be appended when publishing the report.

**Whether or not the company comply with the going concern principle or not.**

**Number of shares at the end of the period**

**Future reports**

For **year-end reports**, the following shall also be provided:

- condensed cash flow statement for the financial year with comparative figures for the immediately preceding financial year
- dividend proposal (if no dividend is proposed, this shall be stated)
- where and when the complete annual report and, where relevant, consolidated financial statements will be made publicly available (in a simplified procedure for the AGM notification, this is three weeks prior to the AGM)
- a disclosure of the date and location of the AGM
- Comment regarding the company's compliance with the going concern principle.

**Income statement and balance sheet**

Income statement

In the year-end report, four columns are required in the income statement. The income statement shall therefore describe the last three months as well as all 12 months of the year cumulatively. If the company's financial year is the calendar year, the format will be as follows.

01/10/2019 – 31/12/2019	01/10/2018– 31/12/2018	01/01/2019 – 31/12/2019	01/01/2018 – 31/12/2018

Balance sheet

The balance sheet shall have the following format:

31/12/2019	31/12/2018

Cash flow statement

The cash flow statement shall have the following format:

01/01/2019 – 12/31/2019	01/01/2018 – 12/31/2018

**9. Publication of the report through Cision**

The company must upload the report through Cision. In terms of reports/the year-end report, the following is a clarification of which fields must be filled in when you have logged into Cision's online service.

**Step 1**

- Type of information: Quarterly report/Year-end report and the period to which the quarterly report/year-end report refers
- Category for my website: Interim reports/Year-end report

**Step 2**

- Compulsory lists: Cision News, Website Network, My website, Subscribers to my website, Spotlight, Shared list. Insofar that the report contains insider information and therefore has a MAR label, **EU Transparency Wire must also be filled in.**

**Step 3**

- Insert the text version from the key figures or bullet points to the end of the CEO comments, and then upload the entire report as a pdf file. As a suggestion, link the following text to the pdf, "Read the full report".

Please note that that all compulsory mailing lists are included in Spotlight's listing fee.