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NASDAQ STOCKHOLM'S

DECISION

31 August 2020

DISCIPLINARY COMMITTEE

2020:09

Nasdaq Stockholm

AVTECH Sweden AB (publ)

DECISION

The Disciplinary Committee orders AVTECH Sweden AB to pay a fine to Nasdaq Stockholm corresponding to four times the annual fee.

Motion

The shares in AVTECH Sweden AB (publ) ("Avtech" or the "Company") are admitted for trading on Nasdaq Stockholm AB's (the "Exchange") Nasdaq First North Growth Market trading platform. The Company has signed an undertaking to comply with the Exchange's Rule Book for Nasdaq First North Growth Market applicable from time to time ("Rule Book").

The Exchange has argued that Avtech violated section 4.1 of the Rule Book by not disclosing inside information in a timely fashion and by not preparing necessary documentation regarding a decision to delay public disclosure of inside information.

The Exchange has further argued that Avtech violated section 4.2.3 (a) of the Rule Book because the Company's press release prior to the 2020 annual general meeting of the shareholders did not contain the complete notice to attend the general meeting as an appendix, nor did it contain any information regarding proposals for resolutions presented to the annual general meeting.

With reference to section 6.3 in Supplement B to the Rule Book, the Exchange has moved that the Disciplinary Committee evaluate the alleged violations of the Rule Book and impose a reasonable sanction.

Avtech has stipulated to the facts.

Neither of the parties has requested an oral hearing. The Disciplinary Committee has reviewed the documents in the matter.

Reasons for the decision

The Rule Book

Pursuant to section 4.1 of the Rule Book, an issuer shall disclose inside information in accordance with Article 17 of Regulation (EU) No. 596/2014 of the European Parliament and of the Council of 16 April 2014 (“MAR”).

Pursuant to Article 17 of the MAR, an issuer shall ensure that the inside information is made public in a manner which enables fast access and an opportunity to make a complete, correct and timely assessment of it by the public.

Pursuant to Article 17(4) of the MAR, an issuer may, on its own responsibility, delay a disclosure to the public of inside information provided that immediate disclosure would likely prejudice legitimate interests of the issuer, it is not likely that delayed disclosure would mislead the public and that the issuer is able to ensure the confidentiality of the information.

Pursuant to Article 4(1) of the Commission Implementing Regulation (EU) No. 2016/1055 of 29 June 2016 (the “Implementing Regulation”) an issuer, in connection with a decision to delay the public disclosure of inside information, shall use technical means that ensure that information regarding the decision, including evidence of the initial fulfilment of the conditions referred to in Article 17(4) of the MAR, is accessible and readable, and can be maintained in a durable medium.

Pursuant to section 4.2.3 (a) of the Rule Book, an issuer shall disclose notice to attend general meetings. The announcement shall include information regarding the date, time and location, how the shareholder can participate, and material proposals. The complete notice shall be attached to the press release.

Considerations

Press release of 11 September 2018

At 10 AM on 11 December 2018, Norwegian Air Shuttle ASA (“Norwegian”) published a press release captioned “Norwegian enters into agreement with Avtech to continue to reduce emissions and contribute to sustainable aviation”. The press release contained information that Norwegian had entered into a three-year agreement with Avtech, pursuant to which the Company’s Aventus system would be implemented in all of Norwegian’s aircraft. At 10:30 AM on the same day, Avtech published a press release with information regarding the same agreement.

The press release contained a reference that the information was of the type that Avtech was obligated to make public pursuant to the MAR.

The Exchange has argued: information regarding the relevant agreement was made public by Norwegian 30 minutes before the Company’s publication regarding the same agreement. In its press release, the Company stated that the press release contained inside information that Avtech was obligated to make public pursuant to the MAR. Notwithstanding that the market was informed of the relevant agreement through Norwegian’s announcement, the Company was obligated, pursuant to Article 17(1) of the MAR, to make public inside information directly concerning Avtech as soon as possible. Prior to the Company’s own announcement

regarding the agreement, investors also cannot be deemed to have been given the same prerequisites to enable a complete, correct and timely assessment of the significance of the agreement for the Company in the manner prescribed in the MAR. In this light, the Company's obligation to make public the relevant inside information as soon as possible - regarding an agreement with a party which is subject to a corresponding disclosure obligation *vis-à-vis* the market - is deemed to have entailed a requirement for the Company to ensure, to the greatest extent possible, that both contracting parties' announcements were made at the same time. The Exchange's assessment that the Company breached its obligation to meet this requirement is not changed by the reason advanced by Avtech regarding why no such coordinated announcement with Norwegian took place on the morning of 11 December 2018. Accordingly, the Exchange has determined that the Company's announcement of the relevant agreement did not take place as soon as possible in accordance with Article 17(1) of the MAR. The Company thereby violated section 4.1 of the Rule Book. The Company has further stated that it took a decision regarding delayed publication of the relevant inside information pursuant to Article 17(4) of the MAR on 5 October 2018. The Exchange observes, however that Avtech was not able to provide the Exchange with such documentation regarding the decision that the Company was obligated to prepare pursuant to the Implementing Regulation as evidence regarding whether the conditions for the decision in question were satisfied. Accordingly, the Exchange can draw no conclusion other than that, in this respect as well, the Company violated section 4.1 of the Rule Book.

The Company has argued: On 5 October 2018, serious negotiations commenced between Avtech and Norwegian, whereupon Avtech took a decision to delay disclosure pursuant to Article 17(4) of the MAR. On the morning of 11 December, when the agreement had been executed, Avtech prepared for a coordinated publication by contacting Norwegian's head of communications and they agreed that publication would be made at 10 AM on that same day. The press release was drafted and approved by Norwegian, and thereafter sent for publication at 8:15 AM. In the course of the final proofreads of the press release, it was discovered that the contract period had been stated in an erroneous manner and that certain names in the press release were wrong. Following corrections, the press release could be published at 10:30 AM.

The Disciplinary Committee observes that Avtech made the determination that the information in the press release that was published at 10:30 AM constituted inside information. In accordance with the Disciplinary Committee's precedent, the Disciplinary Committee is proceeding on the basis that the information now at issue constituted inside information (see, e.g. Disciplinary Committee Opinion 2020:01). It is further undisputed that the Company was meant to have effected coordinated publication of the information at 10 AM with Norwegian and that the delay was a result of a mistake on the part of the Company. Accordingly, the Company did not make the information public as soon as possible in accordance with Article 17(1) of the MAR and thus violated section 4.1 of the Rule Book. Moreover, the Company failed to prepare the documentation which is required pursuant to Article 4(1) of the Implementing Regulation in conjunction with a decision regarding delayed disclosure. The Company thereby also violated section 4.1 of the Rule Book on this basis.

Notice to attend the company's 2020 annual general meeting of shareholders

On 2 April 2020, Avtech published a press release regarding notice to attend the Company's 2020 annual general meeting of shareholders. The press release contained information

regarding the time and place of the annual general meeting of shareholders as well as the conditions for the shareholders' participation at the meeting. The press release also stated that the complete notice to attend the annual general meeting of shareholders was available on the Company's website. The press release included a hyperlink to the complete notice to attend. Since the press release in question did not contain any information regarding proposals for resolutions presented to the annual general meeting, nor the complete notice to attend as an appendix, the Exchange asked Avtech's certified advisor to contact the Company in order to ensure that the notice to attend was published in accordance with the rules. Later the same day, the Company published a new press release containing the complete notice to attend the Company's annual general meeting of shareholders.

The Exchange has argued: By virtue of the fact that the original press release of 2 April 2020 did not include the information about proposals for resolutions that was reproduced in the Company's notice to attend the 2020 annual general meeting of shareholders, and also because the press release did not have appended to it the complete relevant notice to attend the general meeting, its publication constituted a violation of section 4.2.3 (a) of the Rule Book. The fact that the press release included a hyperlink via which it was possible to read the entire notice to attend on the Company's website does not change this assessment.

The Company has argued: Avtech stipulates to the facts but emphasises that the press release contained a link to the section of the Company's website where the notice to attend was available, and that the Company immediately corrected the defect in the notice to attend when it was called to the Company's attention.

The Disciplinary Committee observes that section 4.2.3 (a) of the Rule Book prescribes that an issuer has an obligation to disclose notice to attend a general meeting and that, expressly pursuant to the section, such notice must contain information regarding proposals for resolutions of the general meeting as well as the complete notice to attend as an appendix. Since the Company's first press release of 2 April 2020 did not contain the proposals for resolutions which were subsequently published, nor have appended to it the complete notice to attend the meeting, Avtech violated section 4.2.3 (a) of the Rule Book.

In summary, the Disciplinary Committee finds that Avtech violated sections 4.1 of the Rule Book on two occasions and section 4.2.3 (a) on one occasion. The Disciplinary Committee regards the violations as serious and establishes the sanction as a fine corresponding to four times the annual fee.

On behalf of the Disciplinary Committee,



Marianne Lundius

Former Justice Marianne Lundius, MBA Ragnar Boman, *Advokat* Wilhelm Lüning, company director Anders Oscarsson, and authorised accountant Magnus Svensson Henryson participated in the committee's decision.

Secretary: Erik Lidman, J.D.