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**NASDAQ STOCKHOLM'S**

**DECISION**

**21 July 2023**

**DISCIPLINARY COMMITTEE**

**2023:08**

Nasdaq Stockholm

Mips AB (publ)

## **DECISION**

The Disciplinary Committee orders Mips AB to pay a fine to Nasdaq Stockholm corresponding to two times the annual fee.

## **Motion**

The shares in Mips AB ("Mips" or the "Company") are admitted to trading on Nasdaq Stockholm (the "Exchange"). The Company has signed an undertaking to comply with the Exchange's rules for issuers applicable from time to time ("Rule Book").

The Exchange has argued that Mips has disclosed insider information in a discriminatory manner. The Exchange has moved that the Disciplinary Committee evaluate the violations of the Rule Book and impose a suitable sanction.

The Company has contested the breach of the Rule Book.

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

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## **Reasons for the decision**

### The Rule Book

Pursuant to section 3.1.1 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").

The concept of inside information is defined in Article 7(1) of MAR as information of a precise nature, which has not been made public, relating, directly or indirectly, to one or more issuers or to one or more financial instruments, and which, if it were made public, would be likely to have a significant effect on the prices of those financial instruments [...].

Pursuant to Article 17 of the MAR, the issuer shall inform the public as soon as possible of inside information which directly concerns that issuer. The information must be made public in a manner which enables fast access and complete, correct and timely assessment of the information by the public.

Pursuant to Article 2.1 of Commission Implementing Regulation (EU) 2016/1055 of 29 June 2016 (the "Implementing Regulation"), the disclosure is to take place using technical means that ensure that the information is disseminated to as wide a public as possible on a non-discriminatory basis.

### Considerations

On the afternoon of 12 September 2022, Dagens Industri published an article in which it was possible to read that demand in the bicycle segment had decreased and that this situation had further deteriorated in relation to what Mips had communicated in its half-year report for 2022. Quotes from the company's CEO included that "the negative trend [was] clearer" and that "things have definitely been slower now in the third quarter than we thought at the time. The over-reaction at the retail level, especially on the US market, is more extreme than we thought at the time." At 9:54 pm the same day, the Company published a press release under the heading "Mips foresees a short-term weaker development of the bicycle market than previously communicated". The press release included, among other things, the following quote from the company's CEO. "The uncertain market situation in the bicycle industry has continued in the third quarter and has resulted in excessive inventory levels of bicycles and bicycle accessories at retailers. We see a more cautious retail environment which, together with a general decline in consumer purchasing power, has had a greater impact on Mips' sales than we could have foreseen, ...." It was also stated that "the market situation will negatively affect the company's sales and earnings for the remainder of the year". The press release contained a reference that the information was of the type that the Company was obligated to make public pursuant to the MAR.

*The Exchange has argued:* The Exchange notes that the Company's press release on 12 September 2022 contained information that the current market situation had a greater impact on the Company's sales during the third quarter of 2022 than the Company could have foreseen. Consequently, the content of the press release was only a reproduction of what the company's CEO had already stated in an interview with Dagens Industri. In the Exchange's opinion, the information thus constituted inside information and the statement in Dagens Industri constituted a discriminatory disclosure of this inside information in violation of Article 17 of the MAR and Article 2(1) of the Implementing Regulation. The Company thus also violated section 3.1.1 of the Rule Book.

*The Company has argued:* The Company's view is that the statements made by the Company's CEO to Dagens Industri did not constitute inside information but referred to the general prevailing market situation in the industry. The general decrease in demand in the bicycle market had already caught the attention of the market. This is not least due to Thule

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Group AB's profit warning on the evening of 1 September 2022, which, among other things, included information that bicycle dealers around the world have significantly reduced their purchases compared to 2021. Since Thule Group AB, like Mips, sells products with exposure to the retailers in the bicycle market, Thule Group AB's profit warning gave a strong indication of a significantly declining market for Mips' products as well. Thus, it is the Company's opinion that the CEO's statements to Dagens Industri did not differ in any material respect from what could reasonably have been expected by the market at the time of the statements, based on the information that was generally known about the market conditions in the bicycle industry, as well as the information that the Company previously published regarding the bicycle market in its half-year report 2022. The information that constituted inside information in the press release subsequently published by Mips was the company-specific consequences in terms of a negative impact on the sales and earnings of Mips during a certain specified period of time and new forward-looking information.

*The Disciplinary Committee notes* that the heading of the Company's press release on 12 September 2022 was "Mips foresees a short-term weaker development of the bicycle market than previously communicated". The press release stated, among other things, that "Mips foresees a short-term weaker development of the bicycle market than previously communicated" in the half-year report for 2022 as "retailers in most markets significantly reduced their purchases" which "will have a negative impact on Mips' sales and earnings". The Company further stated that "[t]he uncertain market situation in the bicycle industry has continued in the third quarter and has resulted in excessive inventory levels of bicycles and bicycle accessories at retailers. We see a more cautious retail environment which, together with a general decline in consumer purchasing power, has had a greater impact on Mips' sales than we could have foreseen...." The press release stated that the information constituted inside information.

In the article published by Dagens Industri earlier the same day, it was possible to read, among other things, in the form of quotes of statements by the Company's CEO, that the declining demand in the bicycle segment had worsened in relation to what the Company previously communicated in its half-year report for 2022, as "the consumer is a little more careful about what they buy and then one can't get the cheaper products out of the retail stores - and can't buy new goods either". It was also stated that the Company has assessed that the negative trend is clearer than previously communicated and that "[i]t has definitely been slower now in the third quarter than we thought at the time".

Although the information in the press release and the information in the article in Dagens Industri are not identical, it is, in the opinion of the Disciplinary Committee, clear that the press release and the article statements dealt with essentially the same information regarding the development of the bicycle market and the impact of the development on the Company's sales, and how this differed from what the Company previously communicated in its half-year report for 2022 based on assessments made at that time. In the opinion of the Disciplinary Committee, the statements in question in the interview are likely to be understood as statements regarding demand and sales from a Mips perspective rather than as general comments regarding already known market conditions. The subsequently published press release can admittedly be said to contain a certain degree of precision in terms of the future, but it is nevertheless nothing other than an assessed "negative" impact and a time horizon in line with what the Company's CEO explained in the interview with Dagens Industri a few hours earlier. Since the Company stated in the press release that the information contained in the press release constituted inside information, the Disciplinary Committee, in accordance with its practice, bases its assessment on this fact. Through the CEO's statements to Dagens

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Industri, insider information was thus to a corresponding degree provided in violation of Article 17 of the MAR and Article 2(1) of the Implementing Regulation. The Company thus also violated section 3.1.1 of the Rule Book. The Disciplinary Committee sets the fine at two times the annual fee.

On behalf of the Disciplinary Committee,

A handwritten signature in blue ink, appearing to read 'Marianne Lundius', is shown within a light gray rectangular box. The signature is fluid and cursive, with a prominent loop at the end.

Marianne Lundius

Former Justice Marianne Lundius, Justice Petter Asp, *Advokat* Magnus Lindstedt, exchange manager Anders Oscarsson, and *Advokat* Erik Sjöman participated in the Committee's decision.

Secretary: Associate Professor Erik Lidman