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NASDAQ STOCKHOLM'S

DECISION

30 April 2020

DISCIPLINARY COMMITTEE

2020:03

Nasdaq Stockholm

Saab AB (publ)

DECISION

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

Motion

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

The Exchange has argued that Saab violated section 3.1 of the Rule Book by not having made inside information public in a manner which enabled a complete and correct assessment of the inside information. The Exchange has also argued, firstly, that Saab violated section 3.1 of the Rule Book by having disclosed inside information in an erroneous manner and, secondly, that Saab violated section 3.3.5 of the Rule Book by disclosing a forward-looking statement in an erroneous manner.

With reference to section 5 of the Rule Book, the Exchange has moved that the Disciplinary Committee evaluate the violations of the Rule Book and order a suitable sanction.

Saab has denied that the Company is guilty of the alleged violations of the Rule Book.

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 3.1 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 (“MAR”).

Inside information is defined in Article 7(1) of the 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 7(2) of the MAR, information is deemed to be of a precise nature if it indicates a set of circumstances which exists or which may reasonably be expected to come into existence, or an event which has occurred or which may reasonably be expected to occur, where this information is specific enough to enable conclusions to be drawn as to the possible effect of that set of circumstances or event on the prices of financial instruments.

Pursuant to article 17(1) of the MAR, an issuer shall inform the public as soon as possible of inside information which directly concerns that issuer. The issuer shall also ensure that the inside information is made public in a manner which enables fast access and complete, correct, and timely assessment of the information.

Pursuant to Article 2 of Commission Implementing Regulation (EU) No. 2016/1055 of 29 June 2016 (the “Implementing Regulation”), public disclosure of inside information shall take place so that the information is disseminated to as wide a public as possible on a non-discriminatory basis.

Section 3.3.5 of the Rule Book, in combination with sections 3.3.1 and 3.1 of the Rule Book, provide that an issuer, with regards to time and method, shall disclose forecasts and forward-looking statements in the same manner as inside information. According to the guidance text to section 3.3.5 of the Rule Book, the term "forecast" refers to explicit figures for the current financial period and/or following financial periods. Such a forecast can, e.g., include a comparison to a previous period or indicate certain figures or state an interval for the likely level of profits or losses for a future period. A “forward-looking statement” is a more general description of the issuer's future developments.

Considerations

On 27 September 2018, Saab published a press release containing information that the US Air Force ("USAF") had selected The Boeing Company ("Boeing") as prime contractor of a pilot training system and that Boeing was, accordingly, ready to place orders with its subcontractors, including Saab. The press release stated that the total value of the order was USD 9.2 billion but did not state what the value of the order was for Saab alone. 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. On 18 October 2018, Saab published a press

release containing information that the Company had received a first order from Boeing worth approximately USD 117.6 million.

On 23 October 2018, the Company's CEO was interviewed on TV4 Nyheterna and stated, among other things, that, in his opinion this should be understood more as guidance rather than a forecast, the value of Boeing's contract with the USAF could be estimated, for Saab alone, as worth up to SEK 25 billion. The following was stated verbatim in the interview:

The Company's CEO: *"Well, the full scope of the framework agreement as is in place, without giving any forecast but sort of a guide to what it can be, it's around 25 billion."*

Reporter: *"That's quite a lot of money for Saab."*

The Company's CEO: *"Yes, clearly it's a lot of money."*

The Exchange has argued: Information can be sufficiently precise to constitute inside information by merely stating circumstances which may reasonably be expected to come into existence, and it is possible to draw conclusions as to the possible effects of that set of circumstances on the price of the issuer's financial instruments. Under this characterisation, an estimated value of a transaction can also constitute inside information. In that context, it is noted that in the 27 September 2018 press release, the Company chose to include an amount regarding Boeing's framework agreement with the USAF, despite the fact that, according to the Company, it did not also constitute a definitive order received by Boeing. Furthermore, it is noted that the Company referred also to other public information to explain the structure of its transaction with Boeing, and that Kepler Cheuvreux, a financial analysis company, based on this aggregated information, estimated the value of the transaction for the Company as SEK 25 billion. This amount was also an amount stated by the Company's CEO personally in the interview with TV4 Nyheterna on 23 October 2018. According to the Exchange, this demonstrates not only that the Company's CEO's estimated value of the transaction was well founded, but also that the Company's provision of information on 27 September 2018 did not give the reasonable investor the same opportunity to make this estimate as was afforded to better informed analysts.

In light of the above, the Company had an obligation to include the relevant estimate of the value of the transaction, or, in any event, more detailed information which would make possible such an estimate, in the Company's press release of 27 September 2018. By failing to provide such supplemental information, the Company did not make possible a complete and correct assessment of the inside information in question in accordance with the provisions of Article 17 of the MAR. The Company thereby violated section 3.1 of the Rule Book. By virtue of the Company's CEO having provided an estimate of the value of the transaction in the television interview on 23 October, the Company made this information available in a discriminatory manner in violation of Article 17 of the MAR. In this respect as well, the Company thereby violated section 3.1 of the Rule Book. Even if the estimate of the value of the transaction provided by the Company CEO in the interview in question were not regarded as inside information, the information has, in any case, constituted such a forecast or forward-looking statement which, according to the Rule Book, must nevertheless be disclosed in the same non-discriminatory manner as inside information. Thus, by not first

disclosing this estimate through a press release, the Company has, in any event, violated section 3.3.5 of the Rule Book in combination with sections 3.3.1 and 3.1 of the Rule Book.

Saab has argued: In the instant case, Saab believed that the inside information consisted of the strategic value to Saab that the Company, through its cooperation with Boeing, was selected by the USAF to deliver the training planes. This information was stated in the press release. The strategic cooperation with Boeing, in which Saab is a risk-sharing partner, commenced in 2013 and has been described in Saab's press releases and financial reports. Saab's assessment of the strategic value of the framework agreement between the USAF and Boeing was made against the background of the Company's strategy to grow internationally and to secure a footing in the important American market as well as in light of the implication of being a risk-sharing partner in the cooperation - entailing both investments as well as opportunities to receive a significant share of the revenues attributable to the ordered training planes for Saab. With regards to the amount of USD 9.2 billion, it must be noted that the amount is an upper limit for the USAF's possible orders from Boeing and that the total amount of the possible order value for Saab, as stated above, is dependent upon many different factors and variable elements, for example the number of planes that the USAF may order from Boeing and the configuration of the planes, which have not yet been conclusively determined. Additionally, the timetable for the period until 2034 is not yet fixed and revenue recognition for orders during the period until 2034 cannot be assessed. Accordingly, at the time of the press release on 27 September 2018, the conditions for stating a possible order value for Saab did not exist. The press release contained the information which was sufficiently precise to constitute inside information. Against this background, the Company's press release of 27 September 2018 contained all available and relevant information regarding the transaction which Saab could make public at that time.

With regards to the Company's CEO's statement on television on 23 October 2018, the Company acknowledges that the quote reproduced above is correct. The information was stated to be a rough and preliminary estimate and was intended as a confirmation that the estimate made by analysts did not need to be corrected, and that the market's expectations, based on disclosed information, were not wholly unreasonable. The information provided by the CEO in the interview did not constitute inside information and the information was already available to the market. The CEO's statement can also not be deemed to constitute a forecast or a forward-looking statement as per section 3.3.5 of the Rule Book. According to the Rule Book, "forecast" refers to explicit figures for current financial periods and/or following financial periods. Additionally, the Rule Book states that a forecast can, e.g., include a comparison to a previous period, indicate certain figures or state an interval for the likely level of profits or losses for a following period. The preliminary estimate of the value of the order does not refer to explicit figures for a current or following financial period, for example, for one quarter. Moreover, the preliminary estimate constitutes neither a comparison with a previous financial period nor an estimate of a likely level of profits or losses for a following period. The Rule Book defines a "forward-looking statement" as a general description of the issuer's expected future developments. The amount of SEK 25 billion mentioned by the CEO cannot be considered to be a general description of the Company's future development but is, rather, more in the nature of a comment on a specific transaction within the Company's ongoing operations. Irrespective of the uncertainty of the amount, it does not provide a clear picture of the Company's future development as a whole.

The time span for any deliveries to Boeing is approximately 16 years. Averaged over a 16-year time span, SEK 25 billion should result in revenue of a slightly more than SEK 1.5 billion per year. This can be compared to Saab's revenues for the 2018 calendar year, which were slightly more than SEK 33 billion.

The Disciplinary Committee observes that there is no dispute regarding the facts in the matter nor that the information disclosed by Saab in the press release of 27 September 2018 constituted inside information.

With regards to supply agreements, cooperation agreements, and similar agreements where information regarding the agreement constitutes insider information, the Disciplinary Committee is of the opinion that the main rule, according to Article 17(1) of the MAR, and section 3.1 of the Rule Book, must be that the estimated value of the agreement to the issuer should be included in the information disclosed by the issuer in its description of the agreement, since, typically, information regarding the financial value of such agreements may be assumed to be of particular importance with regards to the public's possibility of assessing, in a complete and correct manner, the significance of the agreement for the issuer and its financial instruments. If a fair estimate of the value of the agreement for the issuer cannot be made, this must be clearly and unambiguously stated, including the reasons why this is the case. Compare the commentary on section 3.1 of the Rule Book under the heading *Orders and investment decisions; cooperation agreements* and the Disciplinary Committee decision 2019:02. The press release published by the Company on 27 September 2018 contained wording which conveyed to the market a reasonable perception that the Company would receive orders as a consequence of the framework agreement between Boeing and the USAF, notwithstanding that it was stated that no orders had yet been placed with the Company. The Disciplinary Committee's assessment is that the press release did not describe, in sufficient detail, the potential financial effects of the framework agreement between Boeing and the USAF in relation to Saab as Boeing's subcontractor. The Company thereby violated section 3.1 of the Rule Book.

With regards to the statement of the Company's CEO on TV4 Nyheterna on 23 October 2018, the Disciplinary Committee observes that the Company did not disclose any estimate of the value of the framework agreement for Saab prior to the interview, and that the estimate was sufficiently explicit to enable conclusions to be drawn as to the possible effect of the estimate on the price of Saab's financial instruments. The CEO's estimate in the interview was thereby of an explicit nature. The question of whether the information shared by the CEO in the interview constituted inside information thus depends on whether the estimate may be assumed to have a significant effect on the price of the Company's financial instruments. The Disciplinary Committee's assessment in this regard is that, taking into account Saab's sales and financial position, the SEK 25 billion estimated value of the framework agreement for Saab may be assumed to have been the type of information which normally would have a significant effect on the Company's financial instruments. The information in the CEO's statement thus constituted inside information. The Company has thereby, also in this regard, violated section 3.1 of the Rule Book by failing to publicly disclose the information in accordance with Article 17 of the MAR and Article 2 of the Implementing Regulation.

In summary, the Disciplinary Committee finds that Saab violated section 3.1 of the Rule Book on two occasions. The Disciplinary Committee establishes the sanction as a fine corresponding to four times the annual fee.

On behalf of the Disciplinary Committee

A handwritten signature in blue ink, appearing to read 'Marianne Lundius', with a large loop at the end.

Marianne Lundius

Former Justice Marianne Lundius, Justice Ann-Christine Lindeblad, company director Jack Junel, *Advokat* Wilhelm Lüning and company director Joakim Strid participated in the committee's decision.

Secretary: *Jur. kand.* Erik Lidman