

**Zenith Energy Ltd.**

**3 November 2022**

## **Zenith Energy Ltd. – violation of the duty to promptly notify Oslo Børs of decisions to delay disclosure of inside information**

### **1. Introduction and summary**

Reference is made to the stock exchange announcement by Zenith Energy Ltd. (the “**Company**”) on 4 January 2022 at 08:00 (CET) regarding an update on record profitability of Italian electricity production (the “**Profitability Announcement**”). The Oslo Børs Market Surveillance department observed a fairly substantial increase in the trading volume after the Profitability Announcement compared to the preceding period before the announcement. The opening share price was approximately 4% up compared to the closing price of the preceding trading day, and thereafter subsided during the trading day to the same level as the closing price of the preceding trading day.

Reference is also made to the stock exchange announcement published by the Company on 22 September 2022 (the “**Offer Announcement**”) in which it was stated that the Company on 15 September 2022 had presented an offer to the relevant Ministry in the Republic of Benin for the award of an initial nine-year licence to operate Block 1 containing the Sèmè oilfield, offshore Benin (the “**Offer**”). The Oslo Børs Market Surveillance department observed a significant increase in the trading volume after the message was published at 10:05 (CET), where the share price rose more than 9% compared to the last trade before the Offer Announcement. The share price subsided during the trading day and closed at approximately 4.7% above the opening share price. After a few trading days the share price subsided to the same level as it was before the Offer Announcement.

The Profitability Announcement and the Offer Announcement are hereinafter jointly referred to as the “**Announcements**”.

In relation to the Profitability Announcement, Oslo Børs considers that the Company has violated the duty to promptly notify Oslo Børs of the decision of delayed disclosure of inside information, cf. Euronext Growth Oslo Rule Book Part II (the “**Rule Book Part II**”) Section 3.9.2 (3). In relation to the Offer Announcement, Oslo Børs considers that the Company has either violated Rule Book Part II 3.9.2 (3), or the duty to submit a notification to Oslo Børs with correct information in accordance with the Commission Regulation 2016/1055 Article 4 no. 3, cf. Rule Book Part II Section 3.9.4, cf. MAR Article 17 no. 4 third paragraph.

## **2. Factual circumstances**

### *2.1. The Profitability Announcement*

In connection with the publication of the Profitability Announcement, the Company submitted a notification to Oslo Børs at 08:00 (CET) on 4 January 2022 pursuant to Rule Book Part II Section 3.9.4. In the notification it was stated that the Company received the Italian production data numbers and pricing at 15:00 (GMT) on 3 January 2022, that time was required to analyse the data, and that a board meeting was held on the morning of 4 January 2022.

Oslo Børs contacted the Company by email on 9 March 2022 in which the Company was asked to provide information about the assessments made with regard to the duty to promptly inform Oslo Børs of any decision of delayed disclosure of inside information. In an email dated 11 March 2022, the Company provided the Company's assessments. The Company considered that the information was inside information on 4 January 2022 once the Board of Directors had reviewed the data and concluded that a stock exchange announcement was necessary in accordance with the applicable disclosure rules. The Company stressed that Monday 3 January 2022 was a non-working day in the UK where the teams is based, and that time was required to analyse the data and for it to acquire a price sensitive nature.

### *2.2. The Offer Announcement*

The Company contacted the Oslo Børs Market Surveillance department by telephone in the afternoon on 20 September 2022. The Company informed us that the Offer Announcement was imminent, and that the information in the Offer Announcement was inside information. Oslo Børs registered the matter as a decision of delayed disclosure on 20 September 2022 to intensify its surveillance. The Offer Announcement was published on 22 September 2022, and Oslo Børs received a notification about the publication from the Company pursuant to Rule Book Part II Section 3.9.4. Pursuant to both the Offer Announcement and the notification, the Offer was submitted on 15 September 2022.

Oslo Børs sent an email to the Company on 5 October 2022 in which the Company was requested to supply a timeline leading up to the Offer Announcement, such timeline to reflect when the information was considered inside information. The Company provided the requested information in an email dated 6 October 2022. They informed us that the Offer was submitted on 15 September 2022, but that the confirmation of receipt by the Benin authorities was received in the afternoon on 20 September 2022. The Company considered the information to be inside information when the Company received confirmation of such receipt. They further explained that the Oslo Børs Market Surveillance department thereafter was contacted without delay, and that the Company created an insider list on the same date. The date used in the notification, 15 September 2022, was thus in the Company's view a minor discrepancy, and should have been 20 September 2022.

### **3. Legal basis**

Pursuant to the Rule Book Part II section 3.9.1, cf. the Market Abuse Regulation ("**MAR**") Article 17, an issuer shall inform the public as soon as possible of inside information which directly concerns the issuer. Pursuant to MAR Article 7 no. 1 (a), inside information comprises the following:

*"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 or on the price of related derivative financial instruments".*

Furthermore, MAR Article 7 no. 2 states, inter alia, that information shall be 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 it is specific enough to enable a conclusion to be drawn as to the possible effect of that set of circumstances or event on the prices of the financial instruments (...)".*

An issuer may pursuant to MAR Article 17 no. 4 delay disclosure of inside information. Pursuant to the Rule Book Part II section 3.9.2 (3), the issuer must, on its own initiative, promptly notify Oslo Børs of any decision of delayed disclosure of inside information, including the background for the decision to delay disclosure. The guidance to the provision states that notification of a decision to delay publication must be given to the Oslo Børs Market Surveillance department by telephone. If an issuer decides to delay public disclosure outside the trading hours, it is sufficient to notify Oslo Børs of the decision prior to the opening for trading on the following trading day. The duty to notify Oslo Børs is due to surveillance purposes, enabling Oslo Børs to intensify the surveillance of financial instruments during periods when price-sensitive information that has not been publicly disclosed exists.

### **4. Oslo Børs' assessment**

The main intention behind the provision referred to in Rule Book Part II Chapter 3 above is to enable Oslo Børs to intensify surveillance in financial instruments with undisclosed inside information and where there is an increased risk of market abuse, e.g. insider trading and unlawful disclosure of inside information, until the inside information is disclosed by the issuer.

With regard to the Profitability Announcement, the Company has considered that the Italian production data numbers and pricing constituted inside information on 4 January 2022. By Oslo Børs' understanding, the Company considered it inside information from that time because that

was when the Board of Directors reviewed the data since 3 January 2022 was a non-working day in the UK. Based on this information, it is Oslo Børs' understanding that the Company considered that the data itself indicated a set of circumstances that existed, and was specific enough to enable a conclusion to be drawn as to the possible effect of that set of circumstances on the price of the Company's shares. This would entail that the information on 3 January 2022 was of precise nature relating to the Company, had not yet been made public, and that the Board of Directors on 3 January 2022 would consider it to be likely to have a significant effect on the price of the Company's shares. It would then be inside information as of that time regardless of whether Monday 3 January 2022 was a non-working day in the UK or that the Board of Directors did not review the information before the morning of 4 January 2022.

Oslo Børs would like to emphasize that the guidance in Rule Book Part II section 3.9.1 clearly states that issuers are required to have routines and procedures in place that enable them to properly manage inside information when it arises. Such duty applies regardless of whether or not the inside information arises during exchange trading hours. Oslo Børs expects issuers to be prepared to manage inside information immediately upon receipt during the stock exchange's trading hours, including publication of that information or to formally decide to delay the disclosure based on the conditions pursuant to MAR Article 17 no. 4 being fulfilled. In the latter case, the issuer must create insider lists, secure confidentiality and promptly inform Oslo Børs of the decision. Such requirements apply regardless of whether it is a public holiday in the country in which the issuer is based. The issuer's routines and procedures must also be established in a way that enables it to manage inside information outside the stock exchange's opening hours. An increased vigilance and diligence is required when an issuer expects to receive such information, even though the market is closed.

With regard to the Offer Announcement, the Company has considered that the Company's Offer did not constitute inside information before the receiver confirmed receipt of the Offer on 20 September 2022. If that was the case, the Company should have stated such date in the notification to Oslo Børs. The reference date in notifications is meant to point back to the date on which the Company decided to delay disclosure of inside information, and thus implicitly when inside information arose. It is also as of that date an issuer must keep insider lists, ensure confidentiality etc. Oslo Børs has not made an independent assessment of whether the information in the Offer Announcement was inside information, but notes that the Company has considered it to be as such. In this regard, Oslo Børs questions why the Company considered the date on which the Benin authorities confirmed receipt of the Offer to be the date on which inside information arose, and not the date on which the Offer in fact was submitted. More specifically, Oslo Børs questions how the Benin authorities' confirmation of receipt affects whether or not the Company's submittal of the Offer constituted inside information, i.e. if the submitted Offer indicated an event that had occurred and was specific enough to enable a conclusion to be drawn as to the possible effect of that event on the price of the Company's shares (precise nature), was relating to the

Company, had not yet been made public, and would be likely to have a significant effect on the price of the Company's shares.

Oslo Børs has not made an independent assessment of whether or not the matters in either of the Announcements were inside information. If the matters were inside information on 3 January 2022 and 15 September 2022, respectively, the decisions not to publish the information constituted decisions of delayed disclosure. That would entail that the Company did not promptly notify Oslo Børs of the decision of delayed disclosure with regard to either of the Announcements, causing Oslo Børs not to be able to perform intensified surveillance activities with regard to the Company's shares in the final trading hours on 3 January 2022, or in the period 15 September 2022 to 20 September 2022. For the latter, if the information in fact was inside information on 20 September 2022 when the Company called Oslo Børs, the Company failed to give correct information in accordance with Commission Regulation 2016/1055 Article 4 no. 3 in its notification to Oslo Børs in connection with the publication of the Offer Announcement, cf. Rule Book Part II Section 3.9.4, cf. MAR Article 17 no. 4 third paragraph.

After an overall assessment, Oslo Børs has decided to address the violations in this letter only. This is particularly due to the fact that the Company with regard to the latest announcement – the Offer Announcement – did contact Oslo Børs to inform about the decision on delayed disclosure at the time the Company believed the information was inside information. However, Oslo Børs expects the Company to have adequate routines, training for employees and a robust organizational set up, also during holidays, so that regulatory duties related to being admitted to trading on Euronext Growth Oslo are handled at all times. It is the Company's responsibility to comply with the Euronext Growth Rule Books and MAR. This entails that it is the Company's responsibility to ensure that its management and relevant persons have sufficient expertise and resources to satisfy the rules and requirements, including with regard to understanding the rules on when information constitutes inside information. Oslo Børs strongly advise relevant persons at the Company to take Oslo Børs' online course "Introduction to Continued Obligations for listed companies" on [Courses and seminars | euronext.com](https://coursesandseminars.euronext.com).

Please be advised that both violations will be taken into account when evaluating any potential future violation of the Euronext Growth Rule Books.

Oslo Børs reserves the right to make this letter publicly available on our web page on the same basis as other decisions and statements for the purpose of guidance to the market participants.

Yours sincerely,  
OSLO BØRS ASA