



## **Cavotec will make a non-recurring provision in the 2018 second quarter results of approx. USD 8.2 million following US litigation verdict**

July 22, 2018

As announced to the market at the time, Cavotec SA ("Cavotec" or the "Company") recorded a non-recurring income amounting to USD 5.8 million in its result for the second quarter 2016. The non-recurring income was related to a payment done by Michael Colaco, the former owner of INET Airport Systems, after a verdict from the Superior Court of Orange County, California, USA in which the jury in an unanimous decision determined that Mr Colaco had breached his fiduciary duties to Cavotec with malice, oppression and fraud and awarded Cavotec compensatory and punitive damages. Furthermore, the jury determined that Mr Colaco was not entitled to a residual earn-out payment and that Colaco was to reimburse Cavotec's legal costs in the case as well as accrued interest on the awarded amounts.

Mr Colaco subsequently filed a Notice of Appeal of the judgement to the Court of Appeal of the State of California. The Court of Appeal has now issued a verdict. In the verdict the Court upheld the original award of punitive damages to Cavotec. However, the Court reversed the previous decisions that Mr Colaco was not entitled to the earn-out payment and to reimburse Cavotec's legal costs.

The full verdict is being analyzed by Cavotec with the support of external counsel. Based on a preliminary assessment the Company has the intention of filing a petition with the California Supreme Court to hear the case.

Cavotec will, as a result of the verdict, make a non-recurring provision in the second quarter 2018 results of approx. USD 8.2 million including accrued interest, in line with IFRS accounting rules.

### **ENDS**

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The information in this release is subject to the disclosure requirements of Cavotec SA under the Swedish Securities Market Act and/or the Swedish Financial Instruments Trading Act. This information was publicly communicated on 22 July 2018, 09:30 CEST.

### **Attachment**

- [Press Release Update on US litigation](#)