

AVTECH

AVTECH SWEDEN AB (publ)

INTERIM REPORT **2020**
JANUARY - MARCH



CEO COMMENT

Most of the first quarter of 2020 is characterized by continued growth in the aviation industry with an increased focus on the environment and CO2 emissions. There has been an increased interest in AVTECH's products during the past six months. The quarterly sales are adversely affected by an Aventus service contract delay while a strong dollar and euro exchange rate give a positive contribution to revenues.

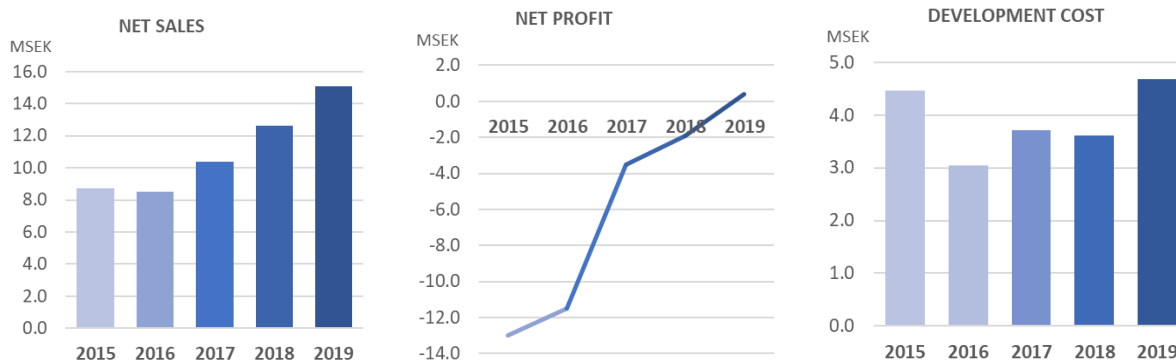


During the latter part of March, the situation changed dramatically for aviation globally with the outbreak of COVID-19 and a sharply reduced demand for air travel. The whole travel industry is now temporarily at close to a standstill. For AVTECH, this results in reduced revenue as well as a pause in most of the ongoing dialogues and additional revenue from new contracts. We are delaying the launch of a payment solution for proFLIGHT and will make it possible for the few pilots who still fly to continue using the service throughout the crisis.

In this situation, AVTECH has satisfactory financial sustainability with good cash liquidity and approximately 80% fixed and 20% variable income. As a result of working time reductions, we have temporarily lowered staff costs from April. Product development work is reduced to meet lower demand and we retain important skills and personnel until the situation improves. The development of new services such as proFLIGHT as well as cruise and climb optimization continues at a lower speed. At the same time, we continue to deliver services with the same high quality and accessibility to those of our customers who are still flying. All staff work from home to protect everyone's well-being and reduce the spread of infection in society.

One glimmer of light, as passenger air travel has been reduced by more than 90 per cent in many places, is that cargo air transport is experiencing increased demand. This is currently the focus area of our sales and marketing efforts.

In recent years, AVTECH has increased its net sales and gone from negative to positive net profit while large investments have been made in the development of new services that broaden the portfolio. We now have an exciting range of unique solutions that are in demand within the industry. Unfortunately, it looks like the crisis will now delay and extend the sales period further.



The prospects for the future are uncertain because of COVID-19 and it is, above all, unclear how long it will take before countries open for air travel again. The crisis is likely to result in consolidations in

the airline market and an overall capacity reduction on air travel. Stronger airlines will likely become stronger while weaker ones will disappear, which in the long run could lead to reduced competition and an increase in airline operating margins.

A low fuel price may have a short-term negative effect on the willingness to invest in efficiency solutions. In the longer term, however, a clear trend is in the direction of efficiency and reduced environmental impact. This is where AVTECH is well positioned and when travel restrictions are lifted, we are ready to deliver services that optimize the flight, increase comfort and reduce fuel costs and CO2 emissions.

I want to thank you for your interest in AVTECH and look forward to an exciting journey into tomorrow's aviation.

David Rytter
CEO

KEY FIGURES AND EVENTS

MSEK	2020	2019	2019
	Q1	Q4	Q1
Net sales	4,0	3,8	4,1
Operating profit before depreciation	+0,3	+0,5	+0,9
Net profit	0,0	-0,3	+0,1
Net profit per share, SEK	0,0	-0,005	0,002
Cash flow	-1,1	+0,2	-1,0
Cash and cash equivalents	12,3	13,3	14,1
Equity	28,5	28,5	28,2
Equity per share, SEK	0,50	0,50	0,50
Equity ratio, %	93,2	92,7	93,0

- Sales for the quarter developed less than expected as the contract process with a European charter company was paused due to COVID-19.
- During the period, AVTECH and Southwest began preparations for a test of Aventus full-flight winds.
- From mid-March, all staff work from home to reduce the spread of infection.
- The development of proFLIGHT is proceeding according to plan. During the latter part of the quarter, a decision was made to postpone the launch of the payment solution until the market recovers. At the end of the period, the number of proFLIGHT users exceeded 1300 from more than 150 airlines.
- During the period, access to flightplans was established via the FAA (Federal Aviation Administration), which in the long term strengthens AVTECH's service offering in the North American market.
- The AVTECH team was strengthened in February by a technical project manager, Bahram Bahar, with background from aviation and computer science as well as many years of experience in the telecommunications industry.
- As part of the ongoing cost review, at the end of March, a termination was made to renegotiate the lease for the current office space.
- AVTECH has become an Authorized IATA Turbulence Aware Data Agent which allows us to provide this data layer in proFLIGHT.
- The main focus of the quarter's marketing has been Environment, Cruise Optimizer and ProFLIGHT.
 - On January 30, AVTECH conducted an online webinar for proFLIGHT. This generated a great deal of interest with over 138 people from more than 67 airlines.

- On February 7, a press release was released of Norwegian regarding their experience of using AVTECH's Cruise Optimizer service, and the savings of 10-15,000 tonnes of CO2 per year it is expected to generate.
- Attending the Flight Ops IT Conference - Americas on March 11-12 in Miami, USA. There, AVTECH's cruise optimizer was launched on the US market, with Norwegian presenting its positive experiences of deploying and utilizing the service as well as the experienced savings. A video recording of the presentation is available [here](https://youtu.be/-O-BZ6pZNjs) (https://youtu.be/-O-BZ6pZNjs). Airline attendance at the conference was lower than normal due to COVID-19.
- Promotional campaigns via email and social media
 - proFLIGHT and Cruise Optimizer campaign targeted towards air cargo operators
 - Campaign on IATA Turbulence Aware Data in proFLIGHT

EVENTS AFTER THE PERIOD

- proFLIGHT is now used by over 1380 pilots from more than 170 different airlines. At a reduced speed, the work now continues in order to strengthen the app with features requested by pilot users and to prepare for EASA certification. In parallel, marketing efforts continue to increase the number of users. The focus right now are cargo airlines, which are experiencing an increased demand during the crisis.
- To meet lower revenues in the reactions to COVID-19, from April, we reduced staff working hours within the framework of state aid for short-term leave. This provides an opportunity to retain important personnel and competence before the situation turns.
- Preparations for a full-flight winds test with Southwest are continuing and our current estimate, which is subject to change in the current situation, is that a test period could start during the second quarter. Southwest Airlines still operates a large number of flights and, during April, temporarily became the world's largest airline based on the number of passenger seats flown.
- A new website is under construction to be launched in Q2.
- Due to the current situation in the world, we are postponing the launch of a planned information campaign focusing on environmental impact and modern technology in the cockpit.
- A video campaign together with MetOffice is planned around the benefits of high-resolution weather.
- Preparatory planning of a service for monitoring flight through volcanic ash has been carried out. A project will take about 6 months from the start and is currently awaiting go-ahead from a dedicated development customer. This service is considered to be of interest to more airlines.
- In the current situation, activities are paused with airport related projects such as Gatwick and Arlanda.

FIRST QUARTER 2020**Net sales**

Group's net sales for the fourth quarter period amounted to MSEK 4.0 (4.1), derived mainly from the Aventus NowCast™ business area. Depreciation amounted to MSEK -0.3(-0.8) of which -0.3 (-0.8) were related to depreciation on capitalized development work expenses, etc. Cash flow from operating activities was SEK -1,1 (-1.0) million.

Investments

During the period, investments in inventory were made with SEK 0.0 (0.0) million. Expenses for development work of MSEK 1.0 (1.0) have been capitalized.

STAFF

The average number of employees during the period was 10 (8). At the end of the period, the number of employees were 10 (8). In addition to the employed staff, the company also engaged consultants for mainly internal development work and market work during the period.

FINANCIAL POSITION**Cash and cash equivalents**

The Group's cash and cash equivalents at the end of the period amounted to SEK 12.3 million (at year-end 13.3), which corresponds to SEK 0.24 (0.25) per share. At the end of the quarter, the Group had no overdraft facilities

Equity and equity ratio

Equity at the end of the period amounted to SEK 28.5 million (at year-end 28.5) or SEK 0.50 (0.50) per share. The Group's equity / assets ratio was 93.2 percent at the end of the quarter (92.7 percent at year-end).

RELATED TRANSACTIONS

Ide Design AB, a company wholly owned by Christer Fehrling, invoiced SEK 136,500 for management services during the period January-March 2020.

During the period January-March 2020, Redeborn Consultant AB, a company owned 100% by Bo Redeborn, invoiced SEK 112,500 for services mainly within the marketing area.

PARENT COMPANY

AVTECH Sweden AB (publ) reported a net profit for the quarter of SEK +0.0 (+0.1) million. The parent company's equity at the end of the period amounted to SEK 28.5 million (SEK 28.5 million at year-end). Cash and cash equivalents amounted to SEK 12.3 million (13.3 at year-end). During the period, investments in inventory were made by SEK 0.0 (0.0) million.

SIGNIFICANT RISKS AND UNCERTAINTY FACTORS

The aviation industry is currently characterized by great uncertainty and a global economic downturn due to the COVID-19 outbreak, which has led to a sharply reduced demand for air travel. It is currently unclear how long this reduction in air travel will last and how quickly the economy and air travel can subsequently return to a new normal state.

There is a concern and uncertainty in the aviation industry as to what effects global warming will have on aviation.

A low fuel price may temporarily reduce airlines' willingness to invest in fuel saving solutions.

The 737 MAX flight stoppage also continues to affect many airlines and it is currently unclear when this aircraft can return into operation.

In its operations, the Group and the Parent Company are exposed to risks of both operating and financial nature, which the Company can partially influence itself. A process is ongoing to identify and manage these risks. The market for the AVTECH Group's products is characterized by long sales times. The Group operates in an early market with great potential but with jerky sales development. AVTECH conducts operational services, whereby the risks in the company are not limited to liquidity risk. For a complete account of identified risks and the company's work on managing these, refer to pages 11 - 13 and page 40 of the new share issue prospectus 2013, the sections "Risk factors" and "Legal issues and supplementary information". The prospectus is available through AVTECH's website www.avtech.aero.

PROSPECTS

The Board of Directors continues to have a positive view of the company's business areas, despite the temporary economic downturn caused by COVID-19. The market shows clear signs of a growing interest in efficient IT solutions that support airlines' increasing need to save fuel, become more environmentally responsible and avoid turbulence during the flight. This is interpreted by the Board as positive signals for AVTECH's abilities to attract new customers. The increased customer interest shows AVTECH's acceptance as a competent developer and supplier of robust and practically applicable IT tools.

Today, AVTECH's sales consist largely of revenue from a product, Aventus. We look forward to a great interest and potential in our portfolio of newly developed products Optimizer, proFLIGHT and SIGMA. More customers and more products for current customers.

UPCOMING INFORMATION EVENTS

Annual General Meeting 2020	2020-05-08
Quarterly Report Q2 2020	2020-08-28
Quarterly Report Q3 2020	2020-10-16
Year-end report 2020	2021-02-12

Kista, April 30th 2020, AVTECH Sweden AB (publ). This report has not been reviewed by the company's auditors.

For further information, please contact

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or visit the company's website www.avtech.aero, <https://www.avtech.aero/report#content>

AVTECH Sweden AB (publ), corporate identity number 556568-3108, has its registered office in Stockholm municipality.

Postdress: Färögatan 33, 24 tr, 164 51 KISTA, Sweden.

The company's B-share (short-term AVT B) has been traded on the NASDAQ First North Growth Market since February 2012. The company's A-share is not traded on any marketplace. Certified Adviser is Redeye AB (www.redeye.se), tel: 08-121 576 90, e-mail address certifiedadviser@redeye.se. For explanation of technical terms, see glossary on page 73 of the Company's New Issue Prospectus 2011. The information in this pressrelease is published in accordance with EU Market Abuse Regulation (MAR) The information was submitted, through the above contact person's provision, for publication on April 30th 2020 kl 08.30 CET

GROUP INCOME STATEMENT	2020	2019	2019
MSEK	Jan-Mar	Jan-Mar	Full year
Net sales	4,0	4,1	15,1
Capitalized expenditure for development work, etc.	1,0	1,0	5,7
Other operating income	0,0	0,0	0,0
Total revenue for the period	5,0	5,1	20,8
External expenses	-2,8	-2,7	-11,5
Personnel expenses	-1,9	-1,5	-5,4
Depreciation	-0,3	-0,8	-3,5
Total operating expenses for the period	-5,0	-5,0	-20,4
Operating profit for the period	0,0	0,1	0,4
Net interest income	0,0	0,0	-0,0
Profit before tax for the period	0,0	0,1	0,4
Tax			
PERIOD EARNINGS	0,0	0,1	0,4

CONSOLIDATED CASH FLOW ANALYSIS	2020	2019	2019
MSEK	Jan-Mar	Jan-Mar	Full year
Cash flow before change in working capital (note 1)	-0,5	0,4	2,5
Change in working capital	-0,6	1,4	-1,6
Cash flow from operations	-1,1	-1,0	-0,9
Cash flow from investment activities (note 1)	0,0	0,0	0,0
Cash flow from financing activities (note 1)	0,0	0,0	0,0
TOTAL CHANGE IN LIQUID FUNDS	-1,1	-1,0	-0,9

KEY FIGURES	2020	2019	2019
MSEK	Jan-Mar	Jan-Mar	Full year
Sales per employee, MSEK	0,6	0,8	2,7
Average number of shares, thousands	56 480	56 480	56 480
Average number of shares, thousands, after dilution (note 2)	56 480	56 480	56 480
Turnover per share, SEK	0,07	0,06	0,16
Net earnings per share, SEK before dilution	-0,06	0,07	0,01
Net earnings per share, SEK after dilution	-0,06	0,07	0,01
Cash flow (from operations) per share, SEK (note 2)	-0,02	-0,03	-0,02
Operating margin	Neg.	Neg.	Pos.

CONSOLIDATED BALANCE SHEET	2020	2019	2019
MSEK	31 Mar	31 Mar	31 Dec
ASSETS			
Balanced expenditure for development work, etc.	14,2	11,7	13,6
Buildings and land			
Inventories, tools and installations (note 3)	0,1	0,1	0,1
Total fixed assets	14,3	11,8	13,7
Other current receivables	3,9	3,4	4,1
Cash and cash equivalents (note 4)	12,3	14,1	13,3
Total current assets	16,2	17,5	17,4
TOTAL ASSETS	30,5	29,3	31,1
EQUITY AND LIABILITIES			
Equity	28,5	28,1	28,5
Non-current liabilities	0,1	0,1	0,1
Current liabilities (note 4)	1,9	1,1	2,6
TOTAL EQUITY AND LIABILITIES	30,5	29,3	31,1
Memorandum Items			
Pledged assets (note 5)	-	-	-
Contingent liabilities	-	-	-
CHANGE IN GROUP EQUITY			
MSEK	2020	2019	2019
	31 Mar	31 Mar	31 Dec
Equity at the beginning of the period	28,5	28,1	28,1
Profit for the period	0,0	0,1	0,4
Translation differences in equity	-	-	-
Equity at end of period	28,5	28,2	28,5
KEY FIGURES			
MSEK	2020	2019	2019
	31 Mar	31 Mar	31 Dec
Equity ratio	93,2%	93,0%	92,7%
Number of shares at end of period, thousands (note 6)	56 480	56 480	56 480
Number of shares at period closing, thousands, after dilution (note 2)	56 480	56 480	56 480
Cash and cash equivalents per share, SEK	0,24	0,25	0,24
Equity per share, SEK	0,50	0,50	0,51
Market price at the end of the period, SEK (note 7)	1,23	2,52	2,53
Price/Equity per share (note 7)	2,46	5,04	4,96
Market capitalization at end of period, MSEK (note 7)	70,0	142,0	143,0

QUARTERLY DATA MSEK	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Full year
Sales					
2018	2,8	3,3	3,1	3,4	12,6
2019	4,1	4,0	4,0	3,0	15,1
2020	4,0				
Operating profit					
2018	-0,9	-0,9	-0,2	+0,1	-1,9
2019	+0,1	+0,5	+0,5	-0,7	+0,4
2020	0,0				
Cash flow from operating activities (note 2)					
2018	-0,3	-0,2	-0,1	-0,1	-0,7
2019	-1,0	-0,2	-0,1	0,2	-0,9
2020	-1,1				

ACCOUNTING PRINCIPLES AND NOTES

All amounts are reported in millions of Swedish kronor (MSEK) unless otherwise stated. The accounts have been prepared in accordance with BFNAR 2012: 1 (K3).

Note 1) As from January 2012, the principle of how capitalized development work expenses are managed in cash flow calculations has been changed so that activations are now considered as "adjustments for items that are not included in cash flow", which affects "cash flow from operating activities". In the past, capitalized expenditure on development work has been classified as an associated investment activity, i.e. exempted from "cash flow from operating activities". Adjustments regarding the change in principle have not been made to previous periods in AVTECH's reports.

Note 2) At the end of the periods, the Group had no option programs or other outstanding financial instruments that affect the potential number of shares in AVTECH Sweden AB (publ), so no potential dilution was available.

Note 3) Refers mainly to capitalized office inventory and IT-related hardware.

Note 4) At the end of the quarter, the Group had no overdraft facilities. Current liabilities include accounts payable, interim liabilities relating to ongoing projects, other accrued costs, and other current liabilities.

Note 5) Refers to unused corporate mortgages provided as collateral regarding the company's overdraft credit in Sweden.

Note 6) The key figure shows the actual number of shares outstanding in AVTECH Sweden AB (publ) at the respective time.

Note 7) Refers to the price on the respective balance sheet date for AVTECH's B-share. AVTECH Sweden AB (publ) was listed on the NASDAQ First North Growth Market on February 20, 2012.

SHAREHOLDERS OF AVTECH SWEDEN AB (publ)

2020-03-31

Name	AK A	AK B	Holdings	Holdings %	Votes	Votes %
LINDBERG, LARS	2126683	800521	2927204	5.18	22067351	17.58
OLCON ENGINEERING AKTIEBOLAG	1411084	159300	1570384	2.78	14270140	11.37
FEHRLING, CHRISTER	884968	2364515	3249483	5.75	11214195	8.93
FÖRSÄKR.AKTIEB., AVANZA PENSION	0	8296034	8296034	14.69	8296034	6.61
BRONGE, JOHAN	644600	0	644600	1.14	6446000	5.13
S-BOLAGEN AB	400000	261456	661456	1.17	4261456	3.39
BÄCKVALL, LARS	270000	1238584	1508584	2.67	3938584	3.14
REDEBORN CONSULTING AB	300000	0	300000	0.53	3000000	2.39
LÄKARLEASING SVERIGE AB	300000	0	300000	0.53	3000000	2.39
CDA TRADING AB	0	3000000	3000000	5.31	3000000	2.39
JOHANSSON, RUNE	250084	480301	730385	1.29	2981141	2.37
TONSJÖ, MATS	100000	1470625	1570625	2.78	2470625	1.97
DAHLSTRÖM, LARS ANDERS GUSTAF A	150084	353860	503944	0.89	1854700	1.48
REDEBORN, BO	150084	322598	472682	0.84	1823438	1.45
MARTIN LAGERQVIST AB	150084	30800	180884	0.32	1531640	1.22
FUTUR PENSION	150084	7000	157084	0.28	1507840	1.20
KRONANDER, BJÖRN-OLA JOHAN	150084	0	150084	0.27	1500840	1.20
SAXO BANK A/S CLIENT ASSETS	0	1450918	1450918	2.57	1450918	1.16
WAHLUND, LARS	0	1074517	1074517	1.90	1074517	0.86
GULLANDER, ANDERS	0	1024965	1024965	1.81	1024965	0.82
CACEIS BANK, W-8IMY	100084	2000	102084	0.18	1002840	0.80
OLSSON, JONNY	0	1000000	1000000	1.77	1000000	0.80
ZÖÖGLING, INGVAR AXEL HJALMAR	84800	54454	139254	0.25	902454	0.72
MUTH, PETER	0	571501	571501	1.01	571501	0.46
HANDELSBANKEN LIV FÖRSÄKR.AKTIEB.	0	542135	542135	0.96	542135	0.43
STAAF, ANDERS	50028	40000	90028	0.16	540280	0.43
NORDNET PENSIONS FÖRSÄKRING AB	0	535607	535607	0.95	535607	0.43
WACHTMEISTER, MATTIAS	0	436581	436581	0.77	436581	0.35
John Eric, Selwood	0	435000	435000	0.77	435000	0.35
ANDERSSON, ROLF TOMMY	0	423812	423812	0.75	423812	0.34
TOTAL 30 LARGEST SHAREHOLDERS	7 672 751	26 377 084	34 049 835	60.29	103 104 594	82.12
TOTAL OTHERS	2 000	22 427 726	22 429 726	39.71	22 447 726	17.88
TOTAL	7 674 751	48 804 810	56 479 561	100	125 552 320	100

ABOUT AVTECH Group

AVTECH develops products and services for digital air traffic management systems. Customers are players in the global aviation industry such as airlines, airports, air traffic management suppliers, technology companies and aircraft manufacturers. With the company's products and services, every single flight or entire flight operation can be optimized in terms of finances, noise and emissions, efficiency, capacity, punctuality and safety. The head office is located in Stockholm, Kista. For more information, see www.avtech.aero.