



## AVTECH Sweden AB (publ)

### INTERIM REPORT January - March 2018

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- The AVTECH Group's net sales for the first quarter of 2018 amounted to MSEK 2.8 (2.2).
- Operating profit before depreciation for the first quarter of 2018 was MSEK 0.3 (0.2). Net profit for the first quarter of 2018 amounted to MSEK -0.9 (-1.3) or SEK -0.04 (-0.02) per share.
- Cash flow from operating activities for the first quarter of 2018 amounted to MSEK -0.3 (-0.5) or SEK -0.01 (-0.08) per share. The Group's cash and cash equivalents at the end of the period amounted to MSEK 18.7 (at the previous year's change 20.4), corresponding to SEK 0.33 (0.36) per share.
- Equity at the end of the period amounted to MSEK 29.1 (at the previous year's change 30.0) or SEK 0.52 (0.53) per share. The Group's equity ratio was 96.15 percent (96.9).
- Turnover in the quarter has been affected by late deliveries. This is shown by a comparison between Q1 2018 and Q4 2017. • Development of SIGMA weather warning system continues according to plan. During September 2017, the first version of AVTECH's Aventus SIGMA solution was completed. Aventus SIGMA is a high quality service that highlights high-quality conditions such as ice formation, turbulence, volcanic ash, etc. to the aircraft's cockpit era. In the first version, AVTECH and Met Office (UK) have focused on high-speed turbulence along the chosen aerodrome. Since the fourth quarter of 2017, Aventus SIGMA has been operating at BRA - Braathens Regional Airlines and Norwegian. Further development of the Aventus system (Nowcast and SIGMA) has been carried out in collaboration with bl. a Norwegian and BRA in the first quarter of 2018.
- Further efforts have been made in the first quarter of 2018, to customize the Aventus system. The ongoing work on creating a SIGMA iOS Tablet App where weather forecasts and warnings as well as Aventus Nowcast are visualized for the pilot user. The product should also be a powerful tool for other airline personnel. During the period, a related group of pilots has begun the use of the SIGMA iOS Tablet App. This is done as a final step of verification and product customization prior to launch in Q2 2018
- The cooperation with Lufthansa Cargo AG regarding Aventus Nowcast continued during the quarter. In addition, the dialogue with another three companies in the Lufthansa Group has been intensified.
- As market demand for products and services within our product range and a widening of AVTECH's product range increased, the cost of marketing activities is estimated to increase during the year. Presentations of AVTECH's renewed product search will be done in collaboration with existing customers and Met Office. These presentations will be conducted as seminar members during trade fairs in the aerospace industry, a in Shanghai, Amsterdam, Dubai and London.

### Events after the end of the period

- EasyJet is expected to join the group of development customers for SIGMA weather alert systems in which BRA and Norwegian have been included in the year 2018.
- The collaboration between Met Office, easyJet, Gatwick Airport in London and AVTECH continues. Within the framework of cooperation, various solutions to improve the efficiency of the use of the airport have been discussed. The project continues with the aim of developing technical and financial models for launching an

introductory project in 2018. Another major operator has approached a dedicated interest in AVTECH's products and knowledge in operational efficiency between airports and airlines.

- As previously announced, AVTECH has conducted an evaluation project of its Aventus product in a project funded by the Swedish Energy Agency. The project has been completed for 6 months and has been done in cooperation with Norwegian Air Shuttle. Aventus has undergone thorough testing of the Norwegian fleet of aircraft where the positive effects of AVTECH's products have been carefully analyzed.



## **INTERIM REPORT January - March 2018**

### **FIRST QUARTER 2018**

#### **Business Area Aventus NowCast**

Aventus NowCast is AVTECH's service offering directed primarily to software-based optimization of aircraft operations considering weather and wind. Aventus NowCast optimizes aircraft airplanes, time-consuming, energy consumption, environmental impact, aviation security and aviation economy, all of which are of major importance to the air transport industry. Aventus SIGMA is a high quality service featuring high-precision significant weather conditions such as ice formation, turbulence, volcanic ash, etc. to the aircraft's cockpit in real time. By having access to the latest forecasts of turbulence, ice formation, departure and arrival weather, qualified decisions can be taken by pilots, which contributes to safer and more comfortable flights. Aventus SIGMA is the first step in expanding the Aventus concept. As additional support for the Aventus system, AVTECH's customers are also offered Aventus Management Dashboard. This enables real-time monitoring of the Aventus service and its positive effects on airline operations. AVTECH's sales efforts continued in the first quarter against a large number of airlines. Within this year's market plan, around 20 identified airlines will be visited.

The fleets of these airlines are already properly equipped for the Aventus system. (For product information see <http://avtech.aero>)

The delivery of Aventus continued to be genuinely robust during the quarter, with continued high levels of delivery reliability. During the quarter, the 4.5 million uplink of Aventus data was passed.

During the quarter, a number of in-depth tests and technical preparations have been made with a number of airlines. Business Consultancy During the quarter, AVTECH continued its sales efforts towards a few strategic airports with a high potential need for AVTECH's logistics solutions and with high synergies between airlines (AVTECH's Aventus customers) and airport. The sales work has resulted in a major operator having shown a dedicated interest in AVTECH's expertise and products in this area. Business Area Research and Development The data sources in the new strategic platform, so-called. The Big Data concept will consist of the four-dimensional aerodrome data (4DT) that is included in the Aventus system and the communications system used in Aventus for communication with the aircraft's navigation computers. Completed with additional data that has been properly utilized, it is possible to build a portfolio of services that provide unique customer service efficiency and cost savings, gate-to-street.

#### **Net sales and earnings**

The Group's sales for the first quarter amounted to MSEK 2.8 (2.2), resulting from sales mainly in North America (North America) and the Aventus NowCast business area. Depreciation amounted to MSEK -1.2 (-1.5), of which MSEK -1.2 (-1.4) was related to depreciation of capitalized development costs, etc. Operating profit before depreciation for the first quarter of 2018 was MSEK 0.3 (0.2). Net financial items amounted to MSEK 0.0 (0.0). Net income for the quarter amounted to MSEK -0.9 (-1.3) or SEK 0.04 (-0.02) per share.

Cash flow from operating activities was MSEK -0.3 (-0.5) or SEK -0.01 (0.08) per share. Investments in inventories during the quarter were SEK 0.0 (0.0).

## Staff

The average number of employees during the period was 7 (5). At the end of the period, the number of employees was 7 (5).

In addition to the staff employed, the company also employed a number of consultants during the period for mainly internal development work and marketing.

**FINANCIAL STANDING** Liquid funds The Group's cash and cash equivalents at the end of the quarter amounted to MSEK 18.7 (at year-end 20.4), corresponding to SEK 0.33 (0.36) per share. At the end of the quarter, the Group had no overdraft facilities.

Equity and equity at the end of the quarter amounted to MSEK 29.1 (at year-end 30.0) or SEK 0.52 (0.53) per share. At the end of the quarter, the Group's equity ratio was 96.1 percent (at the end of the year 96.9 percent)

Ide Design AB, a company owned to 100% of Christer Fehrling (AVTECH's CEO), invoiced during the period SEK 191,000 relating to management services. Costs of SEK 101,223 charged AVTECH's income statement during the period relating to work performed by a company Redeborn Consultant AB, a company owned to 100% by Bo Redeborn, AVTECH's Chairman. The costs were mainly related to marketing and sales.

**PARENT AVTECH Sweden AB (publ)** reported operating profit before depreciation for the quarter of MSEK 0.3 (0.2). The parent company's equity at the end of the quarter amounted to MSEK 29.1 (at the end of the year 30.0 MSEK). Cash and cash equivalents amounted to MSEK 18.7 (at year-end 20.4). Investments in inventories during the quarter were SEK 0.0 (0.0).

## POSSIBLE RISKS AND INSURANCE FACTORS

Through its operations, the Group and the Parent Company are exposed to risks of both business and financial nature, which the company may partly influence. Within the company, a continuous process is being carried out to identify the emerging risks and to assess how to handle them. 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 a fierce sales trend. The Parent Company conducts operational activities, whereby the risks in this company are not limited to liquidity risk. For a complete account of identified risks as well as the company's efforts to handle these are referred to pages 11-13 as well as page 40 of the company's new issue prospectus 2013, sections "risk factors" and "legal questions and supplementary information". The prospectus is available through the AVTECH website [www.avtech.aero](http://www.avtech.aero). May 25, 2018, new rules and laws concerning personal data management (GDPR) will be introduced. AVTECH has carried out work to implement the new regulations. OUTLOOK The market shows clear signs of increasing interest in effective IT solutions in the aviation industry. This interprets the board as positive signals for AVTECH's acceptance as a competent developer and supplier of robust and practically applicable IT tools. The Board has a continued positive view of the company's business areas.

## FOLLOWING INFORMATION TROUBLESHOOTING

Annual General Meeting 2018	2018-05-24
Quarterly Report Q2 2018	2018-08-28
Quarterly Report Q3 2018	2018-10-16
Year-end report 2018	2019-02-12

Kista 2018-04-17 April 2018

AVTECH Sweden AB (publ), Board of Directors

This report has not been audited by the company's auditors.

For further information, please contact

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or visit the company's website [www.avtech.aero](http://www.avtech.aero)

AVTECH Sweden AB (publ), organization number 556568-3108, has its registered office in the municipality of Stockholm.

Postal address: Färögatan 33, 24 tr, 164 51 KISTA, Sweden.

The company's B-share (short name AVT B) has been traded on NASDAQ OMX First North since February

2012. The company's A-share is not traded on any marketplace. Certified Adviser is f. Redeye AB

([www.redeye.se](http://www.redeye.se)), tel: 08-545 01 330. For explanation of technical terms, see glossary on page 73 of the

company's New Issue Prospectus 2011. The information in this press release is the one that AVTECH Sweden

AB (publ) is required to to publish under the EU Market Abuse Regulation. The information was provided, through

the contact of the above contact person, for publication on April 19, 2018 at 08.30 CET.

## CONSOLIDATED INCOME STATEMENT

MSEK	2018	2017	2017
	jan-mars	jan-mars	helår
Net sales	2,8	2,2	10,4
Activated expenses for development work, etc.	0,9	0,7	3,7
Other operating income	-	-	0,1
<b>Total revenue for the period</b>	<b>3,7</b>	<b>2,9</b>	<b>14,2</b>
External costs	-2,1	-1,6	-8,7
personnel costs	-1,3	-1,1	-4,1
depreciation	-1,2	-1,5	-4,8
<b>Total operating expenses for the period</b>	<b>-4,6</b>	<b>-4,2</b>	<b>-17,6</b>
<b>Operating profit for the period</b>	<b>-0,9</b>	<b>-1,3</b>	<b>-3,4</b>
<b>Net financial</b>	0,0	0,0	0,0
Profit before taxes for the period	<b>-0,9</b>	<b>-1,3</b>	<b>-3,4</b>
Tax			
<b>THE RESULT OF THE PERIOD</b>	<b>-0,9</b>	<b>-1,3</b>	<b>-3,4</b>

<b>CONSOLIDATED CASH FLOW ANALYSIS</b>	<b>2018</b>	<b>2017</b>	<b>2017</b>	
<b>MSEK</b>		jan-mars	jan-mars	helår
Cash flow before change in working capital (Note 2)	-1,5	-0,5	-1,6	
Change in working capital	1,8	0,5	3,5	
<b>Cash flow from current operations</b>	<b>-0,3</b>	<b>-0,5</b>	<b>-5,1</b>	
Cash flow from investing activities (Note 2)	0,0	0,0	0,0	
Cash flow from financing activities	0,0	0,0	0,0	
<b>CHANGE IN EQUIPMENT</b>	<b>-0,3</b>	<b>-0,5</b>	<b>-5,1</b>	

	<b>2018</b>	<b>2017</b>	<b>2017</b>	
<b>KEY FIGURES</b>	jan-mars	jan-mars	helår	
<b>Turnover per employee, MSEK</b>	<b>0,5</b>	<b>0,3</b>	<b>2,4</b>	
Average number of shares, thousands	56 480	56 480	56 480	
Average number of shares, thousands, after dilution (Note 3)	56 480	56 480	56 480	
Turnover per share, SEK	0,07	0,04	0,18	
Net earnings per share, SEK before dilution	-0,04	-0,02	-0,01	
Net earnings per share, SEK after dilution	-0,04	-0,02	-0,06	
Cash flow (as of current business) per share, SEK (Note 2)	-0,01	-0,08	-0,12	
<b>Operating margin</b>		<b>Neg.</b>	<b>Neg.</b>	<b>Neg.</b>

<b>GROUP</b>	<b>2018</b>	<b>2017</b>	<b>2017</b>
<b>BALANCE SHEEGROUT</b>			
<b>MSEK</b>	31 mars	31 mars	31 dec
<b>ASSETS</b>			
Balanced expenses for development work, etc.	8,4	7,0	7,8
Land and buildings	-	-	-
Inventories, tools and installations (Note 4)	0,1	0,2	0,1
<b>Total assets</b>	<b>8,5</b>	<b>7,2</b>	<b>7,9</b>
Other current receivables	3,0	2,2	2,9
Liquid funds (Note 5)	18,7	23,8	20,4
<b>Total current assets</b>	<b>21,7</b>	<b>26,0</b>	<b>23,3</b>
<b>TOTAL OPTIONS</b>	<b>30,2</b>	<b>33,2</b>	<b>31,2</b>
<b>EQUITY AND LIABILITIES</b>			
Equity	29,1	32,6	30,0
Long-term liabilities	-	-	-
Current liabilities (Note 5)	1,1	0,6	1,2
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>30,2</b>	<b>33,2</b>	<b>31,2</b>
Poster within the line	-	-	-
Pledged securities (Note 6)	-	-	-
Contingent liabilities			

<b>CHANGE IN THE GROUP'S EQUITY</b>	2018	2017	2017
<b>MSEK</b>	31 mars	31 mars	31 dec
Shareholders' equity at the beginning of the period	30,0	33,9	33,9
The result of the period	-0,9	-1,3	-3,9
Translation differences equity	0,0	0,0	0,0
<b>Shareholders' equity at the end of the period</b>	<b>29,1</b>	<b>32,6</b>	<b>30,0</b>

<b>KEY FIGURES</b>	<b>2018</b>	<b>2017</b>	<b>2017</b>
	<b>31 mars</b>	<b>31 mars</b>	<b>31 dec</b>
Solidity / private equity	96,1%	98,4%	96,9%
Number of shares at end of period, thousands (Note 7)	56 480	56 480	56 480
Number of shares at end of period, thousands, after dilution (Note 3)	56 480	56 480	56 480
Liquid funds per share, SEK	0,33	0,42	0,36
Equity per share, SEK	0,52	0,58	0,53
Stock price at the end of the period, SEK (Note 8)	4,15	3,31	4,16
Share / Equity (Note 8)	8,0	5,7	7,8
Market capitalization at end of period, SEK million (Note 8)	234,4	186,9	235,0

#### QUARTERLY DATA

<b>MSEK</b>	<b>Quarter 1</b>	<b>Quarter 2</b>	<b>Quarter 3</b>	<b>Quarter 4</b>	<b>Full year</b>
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#### Revenue

2015	1,9	2,8	1,9	2,1	8,7
2016	2,1	1,9	2,1	2,4	8,5
2017	2,2	2,4	2,7	3,1	10,4
2018	2,8				

#### Operating profit

2015	-3.4	-3.3	-2.3	-4.0	-13.0
2016	-4.3	-2.5	-2.1	-2.6	-11.5
2017	-1,3	-1,1	-0,8	-0,3	-3,5
2018	-0,9				

#### Cash flow from operating activities (Note 2)

2015	2,2	-2,7	-4,9	-4,8	-10,2
2016	-2,6	-0,8	-3,1	-1,3	-12,2
2017	-0,5	-0,1	-1,0	-3,5	-5,1
2018	-0,3				

## 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)** Refers to the UAE registered company AVTECH Middle East LLC, established in the fall of 2011, in which AVTECH Sweden AB (publ) owns 49% of the shares. RR13 is applied in the reporting of participations in associated companies.

**Note 2)** The principle of how capitalized expenses for development work are handled in cash flow calculations have, for example, January 2012 has been changed so that activations are now considered "adjustments for items not included in cash flow", which affects "cash flow from current operations". Previously, capitalized development costs have been classified as associated investment activities, i.e. Excepted "Cash flow from current operations". Adjustments regarding the change of principle have not been made to previous periods in AVTECH's reports.

**Note 3)** At the end of the period, the Group had no option programs or other outstanding financial instruments affecting the potential number of shares in AVTECH Sweden AB (publ), so no potential dilution occurred.

**Note 4)** Essentially refers to activated office equipment, IT-related hardware (workstations and production center for Aventus NowCast in Orlando, USA).

**Note 5)** At the end of the quarter, the Group had no overdraft facilities. Current liabilities include trade payables, f, interim liabilities for ongoing projects, other accrued expenses, and other short-term liabilities.

**Note 6)** Refers to corporate subscriptions submitted as collateral for the company's overdraft facility in Sweden (see note 6).

**Note 7)** The key figures show the actual number of outstanding shares in AVTECH Sweden AB (publ) at the respective time.

**Note 8)** Refers to the price on the respective balance sheet date of AVTECH's B-share. AVTECH Sweden AB (publ) was listed on NASDAQ OMX First North on February 20, 2012, why stock prices are not available for period closing earlier than this date.

## Shareholders of AVTECH Sweden AB (publ) by 2018-03-31

LINDBERG, LARS	2 638 683	786 521	3 425 204	6,06%	27 173 351	20,25%
OLCON ENGINEERING AKTIEBOLAG	1 099 084	1 040 000	2 139 084	3,79%	12 030 840	8,96%
FEHRLING, CHRISTER	784 968	2 089 927	2 874 895	5,09%	9 939 607	7,41%
FÖRSÄKRINGSAKTIEBOLAGET, AVANZA PENSION	0	9 469 599	9 469 599	16,77%	9 469 599	7,06%
Christer Staaf	695 345	2 170	697 515	1,23%	6 955 620	5,18%
BRONGE, JOHAN	644 600	0	644 600	1,14%	6 446 000	4,80%
S-BOLAGEN AB	400 000	434 775	834 775	1,48%	4 434 775	3,30%
BÄCKVALL, LARS	270 000	1 238 584	1 508 584	2,67%	3 938 584	2,93%
REDEBORN, BO	350 084	322 598	672 682	1,19%	3 823 438	2,85%
JOHANSSON, RUNE	250 084	480 301	730 385	1,29%	2 981 141	2,22%
<b>Summa de 10 största aktieägarna</b>	<b>7 132 848</b>	<b>15 864 475</b>	<b>22 997 323</b>	<b>40,72%</b>	<b>87 192 955</b>	<b>64,96%</b>
<b>Summa övriga</b>	<b>1 504 048</b>	<b>31 978 190</b>	<b>33 482 238</b>	<b>59,98%</b>	<b>47 018 670</b>	<b>35,04%</b>
<b>Totalt</b>	<b>8 636 896</b>	<b>47 842 665</b>	<b>56 479 561</b>	<b>100,00</b>	<b>134 211 625</b>	<b>100,00</b>

### ABOUT THE AVTECH Group

AVTECH develops products and services for digital air traffic management systems. Customers are the global aviation industry players such as airlines, airports, airline providers, technology companies and aircraft manufacturers. With the help of the company's products and services, each individual flight or whole airline operation can be optimized with regard to economy, noise and emissions, efficiency, capacity, punctuality and safety. The head office is located in Stockholm, Kista and the Group, an associated company in Dubai, United Arab Emirates. For more information, please visit [www.avtech.aero](http://www.avtech.aero)