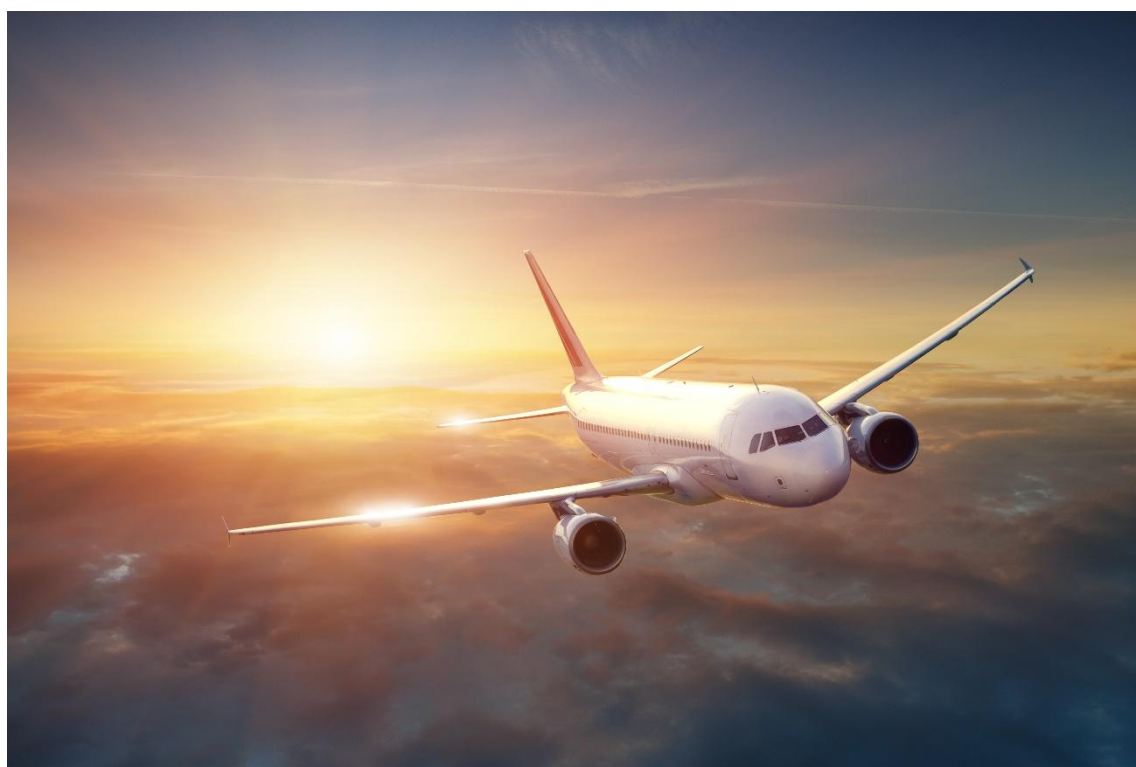




AVTECH Sweden AB (publ)

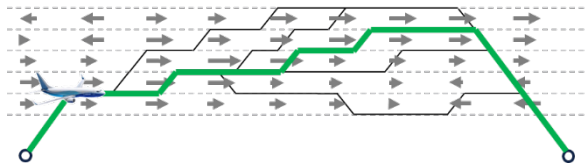
**INTERIM REPORT
January - June 2019**



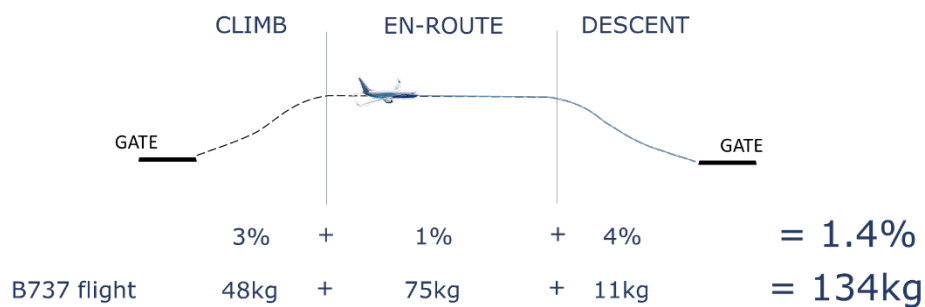
- AVTECH Group's turnover for the second quarter of 2019 amounted to MSEK 4.0 (3.3).
- Operating profit before depreciation for the second quarter of 2019 was SEK +1.4 (+0.2).
- Net result for the second quarter of 2019 was SEK +0.5 (-0.9) or SEK 0.09 (0.03) per share.
- Cash flow from operating activities for the second quarter of 2019 amounted to MSEK -0.2 (-0.2). The Group's cash and cash equivalents at the end of the period amounted to SEK 13.3 million (15.7 at the previous year-end). Increased market and development efforts of approximately SEK 1.3 million have affected liquidity during January - June.
- Shareholders' equity at the end of the period amounted to SEK 28.6 million (28.1 at the previous year-end) or SEK 0.51 (0.50) per share. The Group's equity / assets ratio was 98.0 (93.0) percent.
- During the period January - June, operations began to show a stabilizing profitability. This development is expected to continue during the remainder of 2019. A tax-exempt profit margin exceeding MSEK 65.0 is in the form of previously generated activity deficits.
- The second quarter of the fiscal year has meant continued investments in sales and marketing. During the summer period, the airlines' focus is mainly on delivering effectively during increased seasonal demand. Despite a certain degree of uncertainty in the aviation industry, caused by, among other things, 737 MAX flight stoppages, we can see a continued growing interest in our products, not least thanks to increased fuel prices and environmental focus. The continued pressing cost situation within the airlines means that you do not buy anything other than those that have a significantly short payback period. It also means that you want to test all products in-house before making decisions. The result will be long times from shown customer interest to any contract. Two major European airlines have started testing Aventus NowCast full-flight. Negotiations continue with an increasing number of airlines.

Events after the end of the period

- In early July, an extension of the current agreement with Southwest Airlines was signed. The customer has expressed an interest in expanding the collaboration to include more of AVTECH's services such as proFLIGHT, full-flight optimization and turbulence alerts. Based on the continued flight stop of the 737MAX, we expect delays in this process.
- Development projects in the area of climb and cruise optimization are proceeding according to plan. These projects will lead to new products within the Aventus product family that further increase the effect of using 10K weather. In addition to Norwegian, another major airline has shown a great interest to participate as an evaluation company.



With the above supplementary products we can offer the airlines an optimization solution of the flightpath in order to significantly optimize fuel savings and flight time. The savings potential varies depending on the weather and other circumstances. The expected total savings for a typical flight are shown in the figure below.



This gives a total savings potential as follows.



- Together with a major Northern European airline, an extension of AVTECH's SIGMA service is planned. The ambition is to deliver a service for monitoring flight through volcanic ash within a six-month period in order to optimize engine maintenance. The service is considered to be of interest to more airlines.
- The discussion with Gatwick regarding Target Time Arrival Manager (TTAM) continues in anticipation of the position of new majority shareholders. The project will be completed in the middle of the 2020s.
- The maximum effect of AVTECH's product portfolio will be achieved by the full introduction of Time Based Operations. This requires increased cooperation between airlines, airports and air traffic management. Under current plans, implementation of TBO will be implemented in the 2020s.

- The dialogue with airlines within the Lufthansa group has intensified. Eurowings has begun a longer trial period of Aventus NowCast full-flight.
- A letter of intent was signed at the end of July with a medium-sized European airline to launch Aventus NowCast full-flight in the airline business. The paid trial period will last for six months. A final contract is expected to be completed during the test period.
- An important part of our marketing plan is participation in trade fairs and conferences for the aviation industry. AVTECH intends to attend:
 - Connected aircraft and digital cabin conference, 1-2nd Oct, London
 - Electronic Flight Bag User Forum, 5-7nd Nov, Madrid
 - 13th Annual Flight Operations Conference 3-4 Dec, London
- On September 12, AVTECH will conduct an online webinar on cruise optimization service for participants in the aviation industry. Previous webinars have been well attended with about 30 airlines represented.
- Along with Met Office representatives, two presentations are scheduled at two major airlines during Q3 2019.
- During Q3, the marketing team was strengthened with a full-time marketing coordinator. The intention is also to engage in an additional sales resource with flight background during Q3.
- The number of pilots using proFLIGHT in their daily operations is constantly increasing. The users today represent more than 70 global airlines that together have a line network that covers the whole world. We see increased interest in the airlines for proFLIGHT and are currently in discussions with most major European operators regarding the possibility of implementing proFLIGHT in their daily operations. The process of obtaining proFLIGHT approved and verified by the European Union Aviation Safety Agency (EASA) is continuing and is expected to be completed before the end of 2019. This means that future revenue from the proFLIGHT app will not be calculated until 2020.
- Recently, an NDA has been signed with IATA regarding their initiatives in real-time turbulence observations. The agreement means that AVTECH will have access to valuable information that can supplement the high-resolution turbulence forecast found in the SIGMA and proFLIGHT services. The incident information comes from observed events during flights. Only observed turbulence at a given altitude, time and position gives limited information on whether turbulence is best avoided by rising or falling. If many aircraft are in the same airspace at about the same time, an excellent tool is created to confirm or correct existing turbulence forecasts. The combination of observation and forecast gives the overall picture of what the turbulence looks like and how it can be effectively avoided. Several of AVTECH's customers participate in IATA's turbulence program and for this information becomes easily available in AVTECH's services such as the proFLIGHT app.

SECOND QUARTER 2019**Net sales**

Consolidated sales for the second quarter amounted to MSEK 4.0 (3.3), originating from the main Aventus NowCast™ business area. Depreciation amounted to MSEK -0.9 (-1.1), of which MSEK -0.9 (-1.1) related to depreciation of capitalized expenditure on development work, etc. Net profit for the second quarter of 2019 amounted to MSEK +0.5 (-0.9) or SEK 0.09 (0.03) per share.

Cash flow from operating activities was MSEK 0.2 (-0.2).

Investments

During the period, investments in equipment were made by SEK 0.0 (0.0) million. Expenditure for development work of SEK 0.9 (1.0) million has been capitalized.

STAFF

The average number of employees during the period was 8 (5). At the end of the period, the number of employees was 8 (5).

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

FINANCIAL POSITION**Cash and cash equivalents**

The Group's cash and cash equivalents at the end of the period amounted to SEK 13.3 million (at year-end 15.7), corresponding to SEK 0.24 (0.28) 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 MSEK 28.6 (at year-end 28.1) or SEK 0.51 (0.50) per share. The Group's equity ratio at quarter end 98.0 percent (at the end of the year 93 percent).

RELATED PARTY TRANSACTIONS

Ide Design AB, a company owned 100% by Christer Fehrling (AVTECH's CEO), invoiced 127 000 SEK for management services during the period.

Costs about 75 000 SEK charged to AVTECH's income statement during the period relating to work performed by a company Redeborn Consultant AB, a company wholly owned by Bo Redeborn, AVTECH's Chairman of the Board, the costs related to services mainly within the framework of marketing.

PARENT COMPANY

AVTECH Sweden AB (publ) reported a net result for second quarter of MSEK +0.5 (-0.9). The parent company's equity at the end of the period amounted to SEK 28.6 million (SEK 28.1 million at year-end). Cash and cash equivalents amounted to SEK 13.3 million (15.7 at year-end). During the period, investments in inventory were made by SEK 0.0 (0.0) million.

SIGNIFICANT RISKS AND UNCERTAINTY FACTORS

Through its operations, The Group and the Parent are exposed to risks of both business and financial nature, which the company may partly influence. The company is engaged in a continuous process to identify the risks ahead and to assess how they are to be handled. The market for the AVTECH Group's products is characterized by long sales cycles. The Group operates in a early market with great potential but with harsh sales development. The Parent Company conducts operational activities, whereby the risks in this company are not limited to liquidity risk. For a full account of identified risks and the company's efforts to handle these, refer to pages 11-13 and page 40 of the Company's New Issue Prospectus 2013, sections "Risk Factors," and "Legal Issues and Complementary Information." The prospectus is available through the AVTECH's website www.avtech.aero.

FUTURE PROSPECTS

The market shows clear signs of a growing interest in efficient IT solutions in the aviation industry. This is interpreted by the Board as positive signals for AVTECH's opportunities 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. The Board of Directors continues to have a positive view of the company's business areas.

FUTURE INFORMATION REPORTS

Quarterly report Q3 2019	2019-10-16
Year-end report 2019	2020-02-12

Kista, August 24, 2019 AVTECH Sweden AB (publ), the Board of Directors. This report has not been reviewed by the company's auditors.

For further information, please contact

Christer Fehrling, President and CEO, +46 (0) 8 544 104 80
Britt-Marie Lodenius, Chief Financial Officer, +46 (0) 8 544 104 80
or visit the company's website www.avtech.aero

AVTECH Sweden AB (publ), corporate registration 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 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 currently Redeye AB (www.redeye.se), tel: 08-121 576 90, e-mail address certified_adviser@redeye.se. For explanation of technical terms, see the glossary on page 73 of the company's New Issue Prospectus 2011. The information in this press release is such that AVTECH Sweden AB (publ) is obliged to publish in accordance with the EU Market Abuse Regulation. The information was submitted, through the agency of the above contact person, for publication on August 28, 2019 at 08.30 CET.

CONSOLIDATED INCOME STATEMENT MSEK	2019 April-June	2018 April-June	2019 Jan-June	2018 Jan-June	2018 Full Year
Net Sales	4.0	3.3	7.9	6, 1	12.5
Capitalized expenditure for development work, etc.	0.9	1.0	1.9	1.8	3.5
Other operating income	0.0	0.0	0.0	0.0	0.0
Total revenue for the period	4.9	4, 3	9.8	7.9	16.0
External costs	-2.3	-2.9	-4.9	-5.0	-9.8
Personnel costs	-1.2	-1.2	-2.6	-2.5	-3.9
Depreciation	-0.9	-1.1	-1.7	-2.2	-4.2
Total operating expenses for the period	-4.4	-5.2	-9.2	-9.7	-17.9
Operating profit for the period	0.5	-0.9	0.6	-1.8	-1.9
Financial net	0.0	-0, 0	0.0	0.0	-0.0
Profit before tax for the period	0.5	-0.9	0.6	-1.9	-1.9
Tax					
PERIOD'S PERFORMANCE	0.5	-0.9	0.6	-1.9	-1.9

GROUP CASH FLOW ANALYSIS MSEK	2019 April-June	2018 April-June	2019 Jan-June	2018 Jan-June	2018 Full year
Cash flow before change in working capital (Note 2)	-2.2	-3.0	-2.1	-5.0	-5
Change in working capital	2.0	1.0	0.1	2.0	3.0
Cash flow from operating activities	- 0.2	-0.2	-2	-3.0	-2.0
Cash flow from investing activities (note 2)	0.0	0.0	0.0	0.0	0.0

KEY FIGURES	2019 April-June	2018 April-June	2019 Jan theyou	2018 Jan June	2018 Annual
Sales per employee, MSEK	1.4	1.3	1.4	1.3	2.6
Average number of shares, thousands	56 480	56 480	56 480	56 480	56 480
Average number of shares, thousands, after dilution (note 3)	56 480	56 480	56 480	56 480	56 480
Turnover per share, SEK	0.06	0.06	0.14	0.10	0.18
Net earnings per share, SEK before dilution	0.07	0.02	0.09	-0.03	-0.01
Net earnings per share, SEK after dilution	0.07	0.02	0.09	0.03	-0.06
Cash flow (from current operations) per share, SEK (note 2)	-0.03	-0.001	-0.02	- 0.03	-0.12
Operating margin	Pos.	Neg.	Neg.	Neg.	Neg.

CONSOLIDATED BALANCE SHEET	2019	2018	2018
MSEK	Jun 30	Jun 30	Dec 31
ASSETS			
Balanced expenditure for development work, etc. Buildings and land	12.2	9.4	11.3
Inventories, tools and installations (note 4)	0.1	0.1	0.1
Total fixed assets	12.3	9.5	11.4
Other current receivables	3.6	2.3	3.3
Cash and cash equivalents (note 5)	13.3	17.4	15.7
Total current assets	16.9	19.7	19.0
SUMMARY ASSETS	29.2	29.2	30.4
EQUITY AND LIABILITIES			
Equity	28.6	28.1	28.1
Non-current liabilities	0.6	1.1	2.3
Current liabilities (Note 5)			
TOTAL EQUITY AND LIABILITIES	29.2	29.2	30.4
Items within the line			
Pledged assets (note 6)	-	-	-
Contingent liabilities	-	-	-

CHANGE IN GROUP EQUITY	2019	2018	2018
MSEK	Jun 30	Jun 30	Dec 31
Equity at the beginning of the period	28.1	28.2	30.0
Profit for the	0.5	1.0	-1.9
Translation differences equity	-	-	-
Equity at the period ending	28.6	29.2	28.1

KEY FIGURES	2019	2018	2018
	Jun 30	Jun 30	Dec 31
Equity / equity ratio	98.0%	96%	93.0%
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
Cash and cash equivalents per share, SEK	0.24	0.31	0.28
Equity per share, SEK	0.51	0.50	0.50
Market price at the end of the period, SEK (note 8)	2.99	3.28	3.15
Price / shareholders' equity (note 8)	5.92	6.60	6.40
Market capitalization at end of period, MSEK (note 8)	169.00	185.00	178.00

QUARTERLY DATA MSEK	Q 1	Q 2	Q 3	Q 4	Full Year
Turnover					
2017	2.2	1.4		3.1	10.4
2018	2.8	3.3	3.1	3.4	12.6
2019	4.1	4.0			
Operating profit					
2017	-1.3	-1.1	-0.8	-0.3	-3.5
2018	-0.9	-0.9	-0.2	+0.1	-1.9
2019	+0.1	+0.5			
Cash flow from operating activities (note 2)					
2017	-0.5	-0.1	-1.0	-3.5	-5.1
2018	-0.3	-0.2	-0.1	-0.1	-0.7
2019	-1, 0	-0.2			

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 when accounting for shares in associated companies.

Note 2) From January 2012, the principle of how capitalized development expenditure is managed in cash flow calculations has been changed so that activations are now taken into account 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, ie 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 3) 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 existed.

Note 4) Mainly refers to activated office inventory, 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 accounts payable, f, interim liabilities relating to ongoing projects, other accrued costs, and other current liabilities.

Note 6) Refers to corporate mortgages provided as collateral regarding the company's overdraft credit in Sweden.

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

Note 8) Refers to the price on the respective balance sheet date for AVTECH's B share. AVTECH Sweden AB (publ) was listed on NASDAQ OMX First North on February 20, 2012, so stock market prices do not exist for period ending earlier than this date.

Shareholders in AVTECH Sweden AB (publ)

as of 2019-06-30

Name	AK A	AK B	Holding	Holdings%	Votes	Votes in%
LINDBERG, LARS	2 126 683	786 521	2 913 204	5.16%	22 053 351	17.57%
OLCON ENGINEERING Limited			1 411 084 1 125 000 2 536	%	15235840	12.14%
Fehrling Christer			884 968 2 235 515 3 120 483	%	11085195	8.83%
INSURANCE COMPANY, Avanza Pension	0	8873 053	8 873 053	15.71%	8 873 053	7.07%
BRONGE, JOHAN	644 600	0	644 600	1.14%	6 446 000	5.13%
REDEBORN, BO	450 084	322 598	802 682	1.42%	4 853 438	3.84%
S-BOLAGEN AB	400 000	261 456	661 456	1.17%	4 261 456	3.39%
BÄCKVALL, LARS	270 000	1 238 584	1 508 584	2.67%	3 938 584	3.14%
JOHANSSON, RUNE	250 084	480 301	730 385	1.29%	2 981 141	2.37%
TONSJÖ, MATS	100,000	1 470 625	1 570 625	2.78%	2 470 625	1.97%
Total of the 10 largest shareholders	6 537 503	16 823 653	23 361 156	41.36%	82 198 683	65.45%
Total other	2 099 393	31 019 012	33 118 405	59.98%	52 012 942	35.04%
Total	8 636 896	47 842 665	56 479 561	100.00	134 211 625	10 0.00

ABOUT AVTECH Group

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