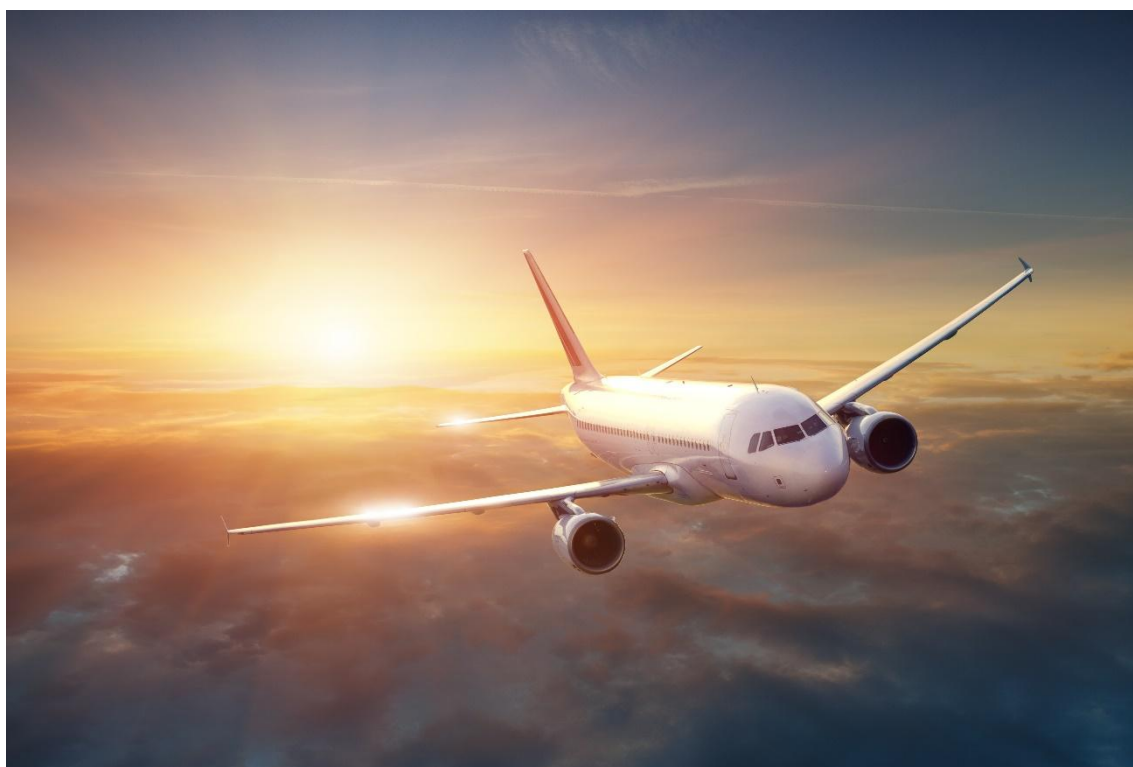




AVTECH Sweden AB (publ)

INTERIM REPORT
January - December 2019



- AVTECH Group's sales for the fourth quarter of 2019 amounted to MSEK 3.8 (3.4).
- Operating profit before depreciation for the fourth quarter of 2019 was MSEK +0.5 (+0.7).
- Net profit for the fourth quarter of 2019 amounted to MSEK -0.3 (+0.1) or SEK -0.005 (+0.002) per share and for the twelve-month period +0.8 (-1.9).
- Cash flow from operating activities for the fourth quarter of 2019 was SEK +0.2 (-0.1) million. 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 2.3 million have affected liquidity during January - December.
- Equity at the end of the period amounted to SEK 28.9 million (28.1 at the previous year-end) or SEK 0.51 (0.50) per share. The Group's equity ratio was 92.50 (92.70) percent.

The lower than forecasted sales for the quarter is largely a result of delays in ongoing contract processes with new airlines.

During the quarter, a contract was signed with Eurowings for Aventus Full-flight wind up-links from December 1st.

The launch of AVTECH's new Cruise Optimizer continued during the Flight Ops conference in London on December 3rd-4th, where Norwegian presented their positive experiences with the service and its fuel saving effects, to all airlines participating at the conference.

A decision has been made to postpone EASA (European Union Aviation Safety Agency) approval of proFLIGHT in favor of release the planned payment version in Q1. With this, in the first stage we launch proFLIGHT directly to all the pilots who are already testing the service.

- With proFLIGHT, pilots can get a complete graphical solution containing AVTECH's Aventus Full Flight, cruise optimization and the weather warning system SIGMA. This means that aircraft equipped with WiFi, or satellite communications, can receive real-time information either through this form of communication or via ACARS.

The following market activities, among others, were carried out during the quarter:

- Two articles published in trade press - "Avoiding Turbulence" (proFLIGHT) and "Let precise winds optimize every flight with AVTECH In-flight Cruise Profile Optimizer"
- Attendance at two conferences - EFB Users Forum, Madrid, which resulted in 18 new company contacts, and Flight Ops Conference, London which resulted in 15 new company contacts
- Campaigns via email and social media
 - Cruise optimizer campaign
 - 61 contacted Cargo operators generated 6 leads
 - 67 contacted 737 operators generated 17 leads
 - Turbulence campaign towards Longhaul-operating companies

- 100 contacts generated 9 leads

The increased interest in tools supporting airlines' efforts to reduce fuel consumption, become more environmentally friendly and to avoid in-flight turbulence means that our current product offering seems to be attracting more and more airlines.

An increasing concern in the airline industry in general, caused by, for example; the uncertainty about the effects the global warming will have on the aviation industry. An expected global economic downturn as well as signs that more airlines are moving towards a period of lower profitability is another contributing factor. Continued uncertainty regarding the 737 MAX flight stop also continues to affect the focus of several of AVTECH's current and future customers. Despite these factors, we can see a growing interest in our products.

Events after the end of the period

- Eurowings is in full operation with Aventus Full-flight Winds on approximately 100 aircraft and during the spring 2020 an analysis and evaluation of the result will be carried out. This analysis will then be the basis for decision in other companies within the Lufthansa Group to decide whether to join the service.
- The dialogue with easyJet has taken a positive direction in January and it seems that a solution to the current communication limitation may be close. This would enable a complete roll-out of climb and cruise winds as well as a deeper cooperation on cruise optimization and turbulence warnings.
- The test period with a medium-sized European operator, according to previously communicated Letter of Intent (LOI), is proceeding according to plan and is expected to turn into a commercial contract during the first quarter of 2020.
- Another European airline started a test period in January for Aventus full-flight and SIGMA, which is expected to be completed during the second quarter of 2020.
- The dialogue with Southwest continues and has been intensified regarding cruise winds and cruise optimization projects.
- A full roll-out of AVTECH's Cruise Optimizer was made in January to Norwegians full 737NG fleet, consisting of about 100 aircraft. This means that Norwegian is the first reference customer and commercial user of this more advanced optimization service from AVTECH. Norwegian will support and help promote the service to more airlines through articles, conferences and meetings.
- proFLIGHT is now used by more than 1000 pilots from more than 100 airlines. During Q1, work continues to roll-out a payment solution that makes the app available to individual professional pilot users. In parallel with this, marketing continues to make as many pilots as possible aware of the benefits of proFLIGHT and to increase the number of users.

- Today, AVTECH's turnover mostly consist of revenue from one product, Aventus. We look forward to a great interest and potential in our newly developed products Optimizer, proFLIGHT and SIGMA. More customers and more products for current customers.
- On January 30th, AVTECH conducted an online webinar for proFLIGHT. This generated great interest with over 138 people from more than 67 airlines.
 - A video link will be made available on AVTECH's website in February
- During the first quarter, the main focus in marketing will be on Environment, Cruise Optimizer and proFLIGHT.
 - On February 7th, a press release was released by Norwegian regarding their experience of using AVTECH's Cruise Optimizer service, and the savings of 10-15,000 tons of CO2 per year.
 - Two articles in the trade press are currently planned; one focusing on the environment and the other focusing on the uniqueness and effect of high resolution 10K weather.
 - In addition, a video campaign with the UK Met Office is planned around the benefits of high-resolution weather.
- An important part of our marketing plan is participation in fairs and conferences for the aviation industry. AVTECH together with the UK Met Office are currently planning to participate in:
 - **Airline & Aerospace MRO & Flight Operations IT Conference - Americas** - March 11th-12th, Miami
During this fair, Norwegian will present experiences and results as users of AVTECH's Cruise Profile Optimizer.
 - **14th Annual Flight Operations Conference**, December 1st-2nd, London
- Preparatory planning has been made to carry out a service for monitoring flights through volcanic ash, in order to optimize engine maintenance. The project will take about 6 months from the start and is currently awaiting a go-ahead from a dedicated development customer. The service will likely be of interest to more airlines.

FOURTH QUARTER 2019**Net sales**

Group's net sales for the fourth quarter period amounted to MSEK 3.8 (3.4), derived mainly from the Aventus NowCast™ business area. Depreciation amounted to MSEK -0.8(-0.9) of which -0.8 (-0.9) were related to depreciation on capitalized development work expenses, etc. Cash flow from operating activities was SEK + 0.2 (-1) million.

PERIOD JANUARY-SEPTEMBER 2019

The Group's net sales for the twelve-month period amounted to MSEK 15.5(16.0), mainly derived from the Aventus Nowcast™ business area. Depreciation amounted to MSEK 3.5 (4.2), of which 3.5 related to depreciation on capitalized development work, etc.

Net profit for the twelve-month period was MSEK +0.8 (-1.9). Net financial items +0.0 (+0.0).

Investments

During the twelve-month period, investments in equipment were made with SEK 0.0 (0) million. Expenses for development work of MSEK 5.7 (3.5) have been capitalized.

STAFF

The average number of employees during the period was 9 (7). At the end of the period, the number of employees was 9 (7).

In addition to the staff employed, 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), which corresponds 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 28.9 (at year-end 28.1) or SEK 0.51 (0.50) per share. The Group's equity ratio was 92.70 percent at the end of the quarter (92.50 percent at year-end).

Appropriation of profits

It is proposed that the resulting profits to be brought forward.

RELATED TRANSACTIONS

Ide Design AB, a company wholly owned by Christer Fehrling, invoiced SEK 744 000 for management services during the period Jan-Dec 2019.

Costs of SEK 370 000 were charged to AVTECH's income statement during the period Jan-Dec 2019 regarding work performed by a company Redeborn Consultant AB, a company wholly owned by Bo Redeborn. The costs related to services mainly within the framework of marketing.

PARENT COMPANY

AVTECH Sweden AB (publ) reported a net profit for the twelve-month period of SEK +0.8

(-1.9) million. The parent company's equity at the end of the period amounted to SEK 28.9 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

Company are through its operations, the Group and the Parent exposed to risks of both operating and financial nature, which the company can partly influence itself. Within the company, a continuous process is underway to identify existing risks and to assess how these should be managed. The market for the AVTECH Group's products is characterized by long sales cycles. The Group operates in an early market with great potential but with harsh sales development. The Parent Company conducts operational operations, whereby the risks in this 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 company's New Issue Prospectus 2013, the sections "Risk factors" and "Legal issues and supplementary information". The prospectus is available through 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

Quarterly Report Q1 2020	2020-04-30
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

The 2019 financial statements will be available on AVTECH's website, www.avtech@aero and at AVTECH AB (publ), Färögatan 33, 24 tr 164 51 Kista, on April 15, 2020.

Kista, February 12th 2020, AVTECH Sweden AB (publ), the Board of Directors. 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 February 12th, 2020 at CET 10.00 AM

GROUP INCOME STATEMENT	2019	2018	2019	2018
MSEK	Oct-Dec	Oct-Dec	Full year	Full year
Net sales	3.8	3.4	15.5	12.5
Capitalized expenditure for development work, etc.	3.0	0.8	5.7	3.5
Other operating income	0.0	0.0	0.0	0.0
Total revenue for the period	6.8	4.2	21.2	16.0
External expenses	-4.4	-2.0	-11.5	-9.8
Personnel expenses	-1.8	-1.2	-5.4	-3.9
Depreciation	-0.9	-0.9	-3.5	-4.2
Total operating expenses for the period	-7.1	-4.1	-20.4	-17.9
Operating profit for the period	-0.3	0.1	0.8	-1.9
Financial net	0.0	0, 0	0.0	-0.0
Profit before tax for the period	-0.3	0.1	0.8	-1.9
Tax				
PERIOD'S PERFORMANCE	-0.3	0.1	0.8	-1.9

CASH CONSOLIDATED FLOW ANALYSIS	2019	2018	2018	2018
MSEK	Oct-Dec	Oct-Dec	Full year	Full year
Cash flow before change in working capital (Note 1)	-2.0	-2.0	2.5	-5
Change in working capital	2.2	1.0	-1.6	3.5
Cash flow from operating activities	0.2	-1.0	-0.9	-1.5
Cash flow from investing activities (Note no (1))	0.0	0.0	0.0	0.0

KEY FIGURES	2019	2018	2019	2018
	Oct-Dec	Oct-Dec	Full year	Full year
Sales per employee, MSEK	0.9	0.8	2.7	2.6
Average number of shares, thousands	56 480	56 480	56 480	56 480
Average number of shares, thousands, after dilution (Note 2)	56 480	56 480	56 480	56 480
Turnover per share, SEK	0.07	0.06	0.16	0.18
Net earnings per share, SEK before dilution	-0.01	0.07	0.01	-0.01
Net earnings per share, SEK after dilution	-0.01	0.07	0.01	-0.06
Cash flow (from current operations) per share, SEK (note 2)	0.02	-0.03	-0.02	-0.12
Operating margin	Pos.	Neg.	Pos.	Neg.

CONSOLIDATED BALANCE SHEET	2019	2018
	Dec 31	Dec 31
MSEK		
ASSETS		
Balanced expenditure for development work, etc. Buildings and land	13.5	11.3
Inventories, tools and installations (note 3)	0.1	0.1
Total fixed assets	13.6	11.4
Other current receivables	4.2	3.3
Cash and cash equivalents (note 4)	13.3	15.7
Total current assets	17.5	19.0
TOTAL ASSETS	31.1	30.4
EQUITY AND LIABILITIES		
Equity	28.9	28.1
Non-current liabilities	2.2	2.3
Current liabilities (Note 4)		
TOTAL CAPITAL AND LIABILITIES	31.1	30.4
Items within the line		
	-	-
Pledged assets (note 5)	-	-
Contingent liabilities		
CHANGE IN GROUP EQUITY	2019	2018
MSEK	Dec 31	Dec 31
Equity at the beginning of the period	28.1	30.0
Profit for the period	0.8	-1.9
Translation differences in equity	-	-
Equity at end of period	28.9	28.1
KEY FIGURES	2019	2018
	Dec 31	Dec 31
Equity / equity ratio	92.70%	92.50%
Number of shares at end of period, thousands (note 6)	56 480	56 480
Number of shares at period closing, thousands, after dilution (note 2)	56 480	56 480
Cash and cash equivalents per share, SEK	0.24	0.28
Equity per share, SEK	0.51	0.50
Market price at the end of the period , SEK (Note 7)	2.53	3.15
Share price / equity (note 7)	5.00	6.40
Market capitalization at end of period, MSEK (note 7)	143.00	178.00

QUARTERLY DATA

MSEK	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Full Year
Sales					
2017	2.2	1.4	2.7	3.1	10.4
2018	2.8	3.3	3.1	3.4	12.6
2019	3.7	4.0	4.0	3.8	15.5
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	+0.5	-0.3	+0.8
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	0.1	0.2	-0.9

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, 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 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, IT-related hardware (workstations and production center for Aventus NowCast in Orlando, USA).

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, which is why stock market prices do not exist for period ending earlier than this date.

**Shareholders of AVTECH Sweden AB (publ)
as of 2019-12-31**

Name	AK A	AK B	Holdings	Holdings %	Votes	Votes in %
LINDBERG, LARS	2 126 683	786 521	2 913 204	5,16%	22 053 351	17,57%
OLCON ENGINEERING AKTIEBOLAG	1 411 084	1 159 300	2 570 384	4,55%	15 270 140	12,17%
FEHRLING, CHRISTER	884 968	2 349 515	3 234 483	5,73%	11 199 195	8,92%
FÖRSÄKRINGSAKTIEBOLAGET, AVANZA PENSION	0	8 598 948	8 598 948	15,22%	8 598 948	6,85%
BRONGE, JOHAN	644 600	0	644 600	1,14%	6 446 000	5,13%
REDEBORN, BO	450 084	362 598	812 682	1,44%	4 863 438	3,87%
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%
Läkarleasing Sverige AB	300 000	0	300 000	0,53%	3 000 000	2,39%
JOHANSSON, RUNE	250 084	480 301	730 385	1,29%	2 981 141	2,37%
Total of the 10 largest shareholders	6 737 503	15 237 223	21 974 726	38,90%	82 612 253	65,80%
Total other	1 899 393	32 605 442	34 504 835	59,98%	51 599 372	35,04%
Total	8 636 896	47 842 665	56 479 561	100,00	134 211 625	100,00

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.