



AVTECH Sweden AB (publ)

**INTERIM REPORT
January – September 2018**





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January - June 2018

- AVTECH Group's turnover for the third quarter of 2018 amounted to MSEK 3,1 (2,7).
- Operating profit before depreciation for the third quarter of 2018 was MSEK 1,0 (0,5) and for the nine-month period MSEK 1,5 (1,0). Net profit for the third quarter of 2018 amounted to MSEK -0,2 (-0,8) and for the nine-month period -2,0 (-3,2) or SEK -0,03 (-0,05) per share.
- Cash flow from operating activities for the third quarter of 2018 amounted to MSEK -0,1 (-1,0). The Group's cash and cash equivalents at the end of the period amounted to MSEK 16,6 (at the previous year's change 20,4). Increased market efforts of approximately 1,3 MSEK and continued supplementary product development of approximately 2,0 MSEK have affected liquidity during the nine-month period.
- Equity at the end of the period amounted to MSEK 28,0 (at the previous year's end 30,0) or SEK 0,50 (0,53) per share. The Group's equity ratio was 95,9 (95,9) percent.
- The increased marketing efforts have involved participation in the fairs; "The 5th China Aviation NEW TECHNOLOGY Conference", "EMEA 2018 MRO & Flights Ops IT Conference in Amsterdam" and "The 2nd Connected Aircraft Conference in Dubai" and "Connected Aircraft eEnablement Conference 2018 in London". A number of seminars and video conferences have also been conducted in cooperation with staff from the Met Office during this period. These activities have significantly increased the number of informed and potential customer companies. Although lead time, from insight to contract negotiation, usually is long, we look forward to a growing customer base in the coming 6-month period. The focus has been on introducing our now comprehensive product package, which means, among other things, that our customers can choose from several different supplier solutions via, data uplink or WiFi /Internet.
- At the Connected Aircraft eEnablement conference in London the 11th-12th September, AVTECH and Met Office (UK) jointly presented our worldwide unique 10K weather and the possibility to already today have access to this by using AVTECH's products Aventus, SIGMA and proFLIGHT. The effect of using 10K weather was emphasized in the research, issued by Lufthansa Cargo and conducted by the University of Aachen. The research report shows clearly the practical positive benefits from using AVTECH's Aventus

product on a daily base. The presentation led to an increased interest and several new contacts were made among the attending airlines.

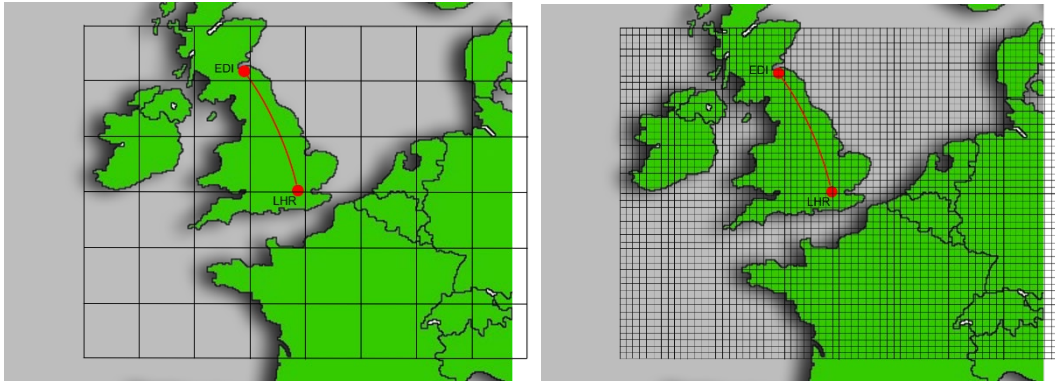


Figure 1. 140K-weather vs 10K-weather



• Our new video, presenting AVTECH's solution based on the unique 10K aviation weather, was launched for the first time at the above conference.

- During the period a first test version of AVTECH proFLIGHT iOS tablet app has been evaluated by approx. 20 pilots from various airlines. The app has been very positively perceived. Met Office 10K aviation weather makes a worldwide unique base which has been combined with AVTECH's technology for processing and visualization of complex data for decision support. For the first time, pilots now have access to the world's best high resolution weather, delivered in real time and presented in a user friendly manner.
- The dialogue with airlines within the Lufthansa Group, continues in a positive way. Lufthansa Mainline has indicated a heavy workload in the IT department which is responsible for the technical integration av the Aventus Nowcast system.
- As previously announced, AVTECH has, together with Norwegian Air Shuttle conducted an evaluation project involving most parts of the current product portfolio. During the period the cooperation has evolved into a conviction that AVTECH's various products are expected to be included in the support system at Norwegian. Norwegian Air Shuttle has also expressed a great deal of interest in being a development customer. Contract negotiations have begun.
- As mentioned earlier, the cooperation project continues between Met Office, easyJet, and Gatwick Airport in London. Within the framework of cooperation, various solutions to improve the efficiency of the use of the airport have been discussed. The work continues with the aim of developing technical and financial models for launching a project in 2019. This is because the project partners have decided to postpone project launch. Another major operator has come to terms with a dedicated interest in AVTECH products and knowledge in operational efficiency between airports and airlines.
- On the 16th of August, it was communicated that AVTECH and Met Office (UK) have entered a 3-year cooperation agreement. Met Office shall deliver weather data from the unique 10K aviation weather forecast for AVTECH's services and products. Under this

new contract, AVTECH has exclusive access to a jointly developed API interface which enables AVTECH’s product users to receive the most detailed and accurate weather forecast available for commercial use. AVTECH has conducted a comprehensive study of the quality of various weather-related forecasts used in the aviation industry. More than 50 000 flights have been included in the analyzes. It is obvious that Met Office’s 10K-based weather grid, compared to the current 140K standard in aviation, shows over a 50% reduction of wind- and temperature error.

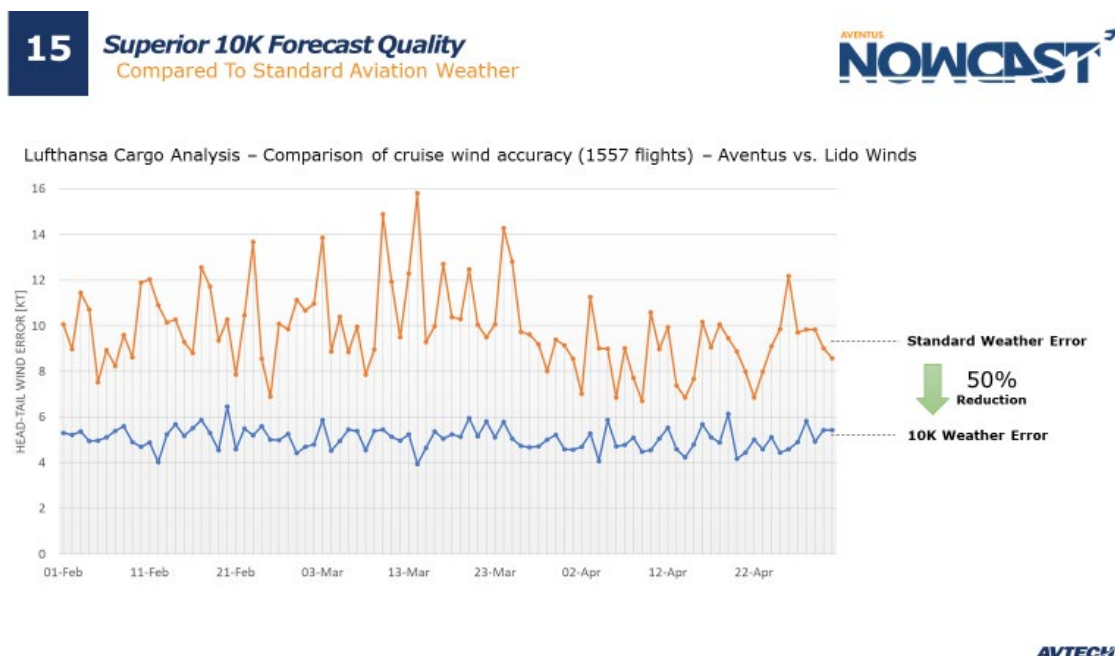


Figure 2. Measured difference between Aventus (10K-forecast) and Lido (140K-forecast)

Events after the end of the period

- On the 5th of October, AVTECH announced a “Letter of Intent” (LoI) with Norwegian Airshuttle A/S, to implement Aventus AIR™ and Aventus Nowcast™. These services give the pilots access to weather data for the purpose of reducing fuel consumption. The LoI includes a mutual ambition to further develop the optimization solution for the flight’s climb and cruise phases.
- The board of AVTECH communicated a business update on 15th October, where it was announced that the board decided to increase the pace of development work for the Aventus products, as a Windows-based proFLIGHT app has been asked for. There is also an interest in customizing proFLIGHT products for other decision makers within an airline, not only the pilots. Some airlines have requested a system for optimizing the complete trajectory, from start to landing, as this gives the pilots an opportunity to choose the most economical level based on actual winds caused by for example jet streams. The recently launched proFLIGHT app, a decision support tool for pilots based on a visual presentation of the Aventus and SIGMA information, is for the moment under practical testing by approx. 100 pilots from over 10 airlines.

- The previously decided recruitments have been done. This means improved 24/7 support and front-end development capability. The reinforcements are made to equip us for an expected customer influx and increased focus on visualization of our products.
- The process of deploying SIGMA weather warning system for easyJet has begun.
- Having the Met Office contract as starting point for this fall's campaigns, ("AVTECH Premium", "Aventus SIGMA" and "AVTECH proFLIGHT"), AVTECH intends to raise the awareness about the company in the aviation industry, as well as increase the market contacts. Other marketing efforts will be done through, among other things;
 - Recurring articles in industry media to describe Aventus Premium and Met Office 10K weather grid and how unique it is.
 - Banners, adverts, posts as well as , updates in all AVTECH social media channels referring to those articles as well as customer testimonials from actual users.
 - Continued attendance in conferences and running webinars.



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THIRD QUARTER 2018

<https://avtech.aero>

Business Area - Aventus NowCast™

Aventus NowCast™ is AVTECH's service offering aimed primarily at 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 that highlights precise weather conditions such as ice formation, turbulence, volcanic ash, etc. to the aircraft's cockpit in real time. By accessing 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 resale work continued in the third 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

Business area - 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 airline (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 - The Research and Development

The data sources in the new strategic platform's Big Data concept will consist of the four-dimensional trajectory data (4DT) that is included in the Aventus system and the communication system used in Aventus to communicate with the aircraft's navigation computers. Completed with additional data, properly utilized, it is possible to build a portfolio of services that provide unique customer service efficiency and cost savings, gate-to-gate.

Net sales and earnings

The Group's net sales for the third quarter amounted to MSEK 3,1 (2,7), resulting from sales mainly in North America (North America) and the Aventus NowCast™ business area (Aventus NowCast™). Depreciation amounted to MSEK -1,1 (-1,3) of which MSEK -1,1 (-1,3) was depreciation of capitalized development costs, etc.

Net profit for the third quarter amounted to MSEK- 0,2(-0,8). Cash flow from operating activities was MSEK - 0,1 (-1,0).

PERIOD JANUARY-SEPTEMBER 2018

The Group's net sales for the nine-month period amounted to MSEK 9,1(7,3), mainly due to the Aventus NowCast™. business area. The write-downs amounted to MSEK 3,2(4,2) of which MSEK 3,2 related to depreciation on capitalized expenses, development work, etc. Operating profit was MSEK - 2,0(-3,2). Net profit amounted to -0,0(-0,0).

Investments

Investments in inventories during the nine-month period were MSEK 0,0 (0,0). Expenses for development work of MSEK 1,8 (1,8) have been capitalized.

Personnel

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 engaged a number of consultants during the period for mainly internal development work and marketing.

FINANCIAL POSITION

Liquid funds

The Group's liquid fund at the end of the period amounted to MSEK 16,6 (at year-end 20,4) corresponding to SEK 0,30 (0,36) per share. At the end of the quarter, the Group had no overdraft facilities.

Equity and solidity

Equity at the end of the period amounted to MSEK 28,0 (at year-end 30,0) or SEK 0,50 (0,53) per share. At the end of the quarter, the Group's

equity ratio was 95,9 percent (at year-end 95,9 percent).

RELATED INTEREST ACTIONS

Ide Design AB, a company owned to 100% by Christer Fehrling (AVTECH's CEO), invoiced during the period SEK 170 000 in respect of management services.

Costs of 85 000 SEK charged to 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 of the board. The costs were mainly related to marketing and sales.

PARENT

COMPANY AVTECH Sweden AB (publ) reported an operating profit for the nine months period of MSEK -2,0 (-3,2). The parent company's equity at the end of the period amounted to 28,0 MSEK (at year-end 30,0 MSEK). Liquid funds amounted to MSEK 16,6 (at year-end 20,4). During the period investments in inventories have been made with MSEK 0,0 (0,0).

SIGNIFICANT RISKS AND UNCERTAINTIES

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 an 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 website. <https://www.avtech.aero>

positive view of the company's business areas.

FUTURE INFORMATION REPORTS

Year-End Report 2018 2019-02-12

Kista, October 12, 2018

AVTECH Sweden AB (publ), Board of Directors This report has not been audited by the company's auditors.

FUTURE PROSPECTS

The market shows clear signs of increasing interest in effective IT solutions in the aviation industry. The board interprets this 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

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or visit the company's website www.avtech.aero

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

Mailing address: Färögatan 33, 24th floor, SE 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 at Redeye AB (www.redeye.se), Phone: +46 (0)8 545 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 as AVTECH Sweden AB (publ) is obliged to disclose under the EU Market Abuse Regulation and Vpml. The information was provided, through the contact of the above contact person, for publication on 18th October 2018 at 12.30 CET.

GROUP INCOME STATEMENT MSEK	2018	2017	2018	2017	2017
	Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep	Full Year
Net sales	3,1	2,7	9,1	7,3	10,4
Activated development expenditure, etc.	0,8	1,0	2,6	2,8	3,7
Other operating income	0,0	0,0	0,0	0,0	0,1
Total income for the period	3,9	3,7	11,7	10,1	14,1
External expenses	-2,0	-2,2	-7,3	-5,9	-8,7
Staff costs	-1,0	-3,	-3,2	-3,2	-4,1
Depreciation	-1,1	-1,3	-3,2	-4,2	-4,8
Total operating expenses for the period	-4,1	-4,5	-13,7	-13,3	-17,6
Operating profit for the period	-0,2	-0,8	-2,0	-3,2	-3,5
Net financial items	0,0	-0,0	0,0	-0,0	-0,0
Profit before tax for the period	-0,2	-0,8	-2,0	-3,2	-3,5
Tax	-	-	-	-	-
PERIOD RESULTS	-0,2	-0,8	-2,0	-3,2	-3,5

GROUP CASH FLOW ANALYSIS	2018	2017	2018	2017	2017
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MSEK	Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep	Full Year
Cash flow before change in working capital (Note 2)	-5,0	-5,0	-3,0	-5,0	-1,6
Change in working capital	4,9	4,0	1,0	4,0	3,5
Cash flow from operating activities	-0,1	-5,0	-2,0	-5,0	-5,1
Cash flow from investing (Note 2) activities	0,0	0,0	0,0	0,0	0,0
Cash flow from financing activities	0,0	0,0	0,0	0,0	0,0
CHANGE IN FINANCIAL STATEMENTS	-0,1	-1,0	-2,0	-1,0	-5,1

	2018 Jul-Sep	2017 Jul-Sep	2018 Jan-Sep	2017 Jan-Sep	2017 Full Year
KEY FIGURES					
Turnover per employee, MSEK	1,3	0,7	1,9	1,7	2,4
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
Earnings per share, SEK	0,06	0,05	0,16	0,13	0,18
Net earnings per share, SEK before dilution	-0,02	-0,06	-0,03	-0,06	-0,01
Net earnings per share, SEK after dilution	-0,02	-0,06	-0,03	-0,06	-0,06
Cash flow (fr. op. business.) per share, SEK (Note 2)	0,02	-0,02	-0,02	0,08	-0,12
Operating margin	Neg.	Neg.	Neg.	Neg.	Neg.

CONSOLIDATED BALANCE SHEET	2018 30 Sep	2017 30 Sep	2017 31 Dec
MSEK			
ASSETS			
Balanced expenses for development work, etc..	9,6	6,4	7,8
Buildings and land	-	-	-
Equipment, tools and installations (Note 4)	0,1	0,1	0,1
Total fixed assets	9,7	6,5	7,9
Other current receivables	2,9	3,1	2,9
Liquid funds (Note 5)	16,6	21,3	20,4
Total current assets	19,5	24,4	23,3
TOTAL ASSETS	29,2	30,9	31,2
EQUITY AND LIABILITIES			
Shareholders' equity	28,0	30,3	30,0
Long-term liabilities	-	-	-
Current liabilities (Note 5)	1,2	0,6	1,2
TOTAL CAPITAL AND LIABILITIES	29,2	30,9	31,2
Items within the line			
Pledged assets (Note 6)	-	-	-
Contingent liabilities	-	-	-

CHANGE IN THE GROUP'S EQUITY	2018	2017	2017
MSEK	30 Sep	30 Sep	31 Dec
Shareholders' equity at the beginning of the period	30,3	33,9	33,9
Profit	-2,0	-3,1	-3,4
Translation differences Equity	-0,3	-0,5	- 0,5
Equity at End of the period	28,0	30,3	30,0

KEY CALENDAR	2018	2017	2017
	30 Sep	30 Sep	31 Dec
Solidity/Equity/Dividend	95,94%	98,17%	95,91%
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	0,30	0,38	0,36
Shareholders' equity, SEK	0,50	0,54	0,53
Share price at the end of the period, SEK (Note 8)	2,89	4,16	4,2
Price / equity (Note 8)	3,3	7,7	4,2
Market cap at the end of the period, MSEK (Note 8)	163,2	233,8	235,0

QUARTERLY DATA

MSEK Sales	Q 1	Q2	Q 3	Q4	Full Year
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	3,3	3,1		
Operating Income					
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	-0,9	-0,2		
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	-0,2	-0,1		

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 BFAR 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 development costs are handled in cash flow calculations has been changed since January 2012, 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, ie exempted from "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)

30 September 2018

Name	SHARES A	SHARES B	Holding	Holdings %	Votes	Votes in %
LINDBERG, LARS	2 638 683	786 521	3 425 204	6,06%	27 173 351	21,64%
OLCON ENGINEERING AKTIEBOLAG	1 099 084	1 040 000	2 139 084	3,79%	12 030 840	9,59%
FEHLING, CHRISTER	784 968	2 089 927	2 874 895	5,09%	9 939 607	7,92%
FÖRSÄKRINGSAKTIEBOLAGET, AVANZA PENSION	0	9 469 599	9 469 599	15,98%	9 469 599	7,19%
BRONGE, JOHAN	644 600	0	644 600	1,14%	6 446 000	5,13%
S-BOLAGEN AB	400 000	434 775	834 775	1,48%	4 434 775	3,53%
BÄCKVALL, LARS	270 000	1 238 584	1 508 584	2,67%	3 938 584	3,14%
REDEBORN, BO	350 084	322 598	672 682	1,19%	3 823 438	3,04%
JOHANSSON, RUNE	250 084	480 301	730 385	1,29%	2 981 141	2,37%
DAHLSTRÖM, LARS	150 084	351 820	501 904	0,89%	1 852 660	1,48%
Total 10 largest shareholders	6 587 587	16 214 125	22 801 712	39,58%	82 089 995	65,03%
Total other	2 049 309	31 628 540	33 677 849	59,98%	52 121 630	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 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, see www.avtech.se.