

Press release September 3, 2013

## **AVTECH implements a public preferential share issue of B-shares amounting to 17.6 MSEK**

The Board of AVTECH Sweden AB (publ) ("AVTECH" or the "Company") has on September 2, 2013, based on an authorization granted by the Company's Extra General Meeting on August 16, 2013, decided to implement a public preferential share issue of shares of class B. AVTECH's current owners will have preferential right to subscribe for new B-shares regardless of the share class they currently own. The public preferential share issue is covered by presubscriptions and guarantees of 85.2 percent of the full amount, which is app. 17.6 MSEK excluding costs to implement the issue.

### **General terms for the share issue**

- Ownership of two (2) shares, regardless of share class, entitles to the subscription of five (5) new B-shares
- The subscription price is 0.55 SEK per share
- The record date is September 10, 2013
- The subscription period is September 17 – October 1, 2013

### **A summary of the background and rationale**

The Company has a number of products in development. The aviation industry has, however, had a cautious view on implementing new technologies and procedures, due to amongst others a situation with strained finances within the industry. AVTECH has, compared to many other companies, managed its operations with limited capital and has chosen to fund operations through consultancy and grant-based activities through various international public or semi-public organizations. The company has established itself internationally in amongst others Dubai, via the establishment of a 49 percent owned associated company, thus gaining proximity to a large and innovations-embracing aviation environment.

As a consequence of the existing challenging financial situation the Company has been forced to implement a company reorganization, which was approved by a Swedish District Court on May 27, 2013. The reorganization process has been extended for an additional three month period up until November 27, 2013 in order for the Company to be able to conclude the company's ongoing financing activities. The overall objective of the process is to use the protection of a moratorium to create the prerequisites for the Company to be able to repay its full debts according to initial agreements, or through debt being off-set in the public preferential share issue.

Issue proceeds amount to a gross amount of approximately 17.6 MSEK, of which various existing share owners have committed to participate through presubscriptions to off-set existing claims on the

Company of approximately 4,4 MSEK and through participation with an additional 2.6 MSEK in cash contributions. AVTECH has furthermore received an issue guarantee of 8.0 MSEK from an external guarantor consortia, bringing the total of presubscriptions and guarantees to app. 15.0 MSEK or 85,2 percent of the full amount. Issue proceeds will mainly be utilized as working capital related to the commercialization of Aventus NowCast™ and consultancy.

AVTECH is in a process of commercialization. The Company will in addition to strengthen its balance sheet through off-set of debt and receive a contribution of liquid funds through the ongoing share issue, also focus on a business model that will generate substantial cash-flows through Aventus NowCast™ mainly. Consultancy will be focused on activities that are less capital-intensive than previously. The Company has agreements with a number of commercial airlines; agreements that have the prerequisites to be able to generate substantial future revenue based on uplinks of refined and state of the art wind-information to airline aircrafts.

#### **Terms and time-line for the public preferential share issue**

- Ownership of two (2) shares on the record-date, regardless of share class, entitles the owner to subscribe for five (5) newly issued B-shares
- The subscription price is 0.55 SEK per new share
- Subscriptions using subscription rights shall be settled either as cash payments or through off-set of existing claims on the Company during the time period September 17 – October 1, 2013
- The last day of trade in AVTECH's B-share and preference share, inclusive of the right to receive subscription rights, is September 5, 2013. The B-share and the preference share will both be traded without the right to receive subscription rights starting September 6, 2013
- The record date is September 10, 2013
- Subscription rights will be traded at NASDAQ OMX First North during the time period September 17 – September 26, 2013
- A prospectus in regards of the public preferential share issue is expected to be announced on September 6, 2013

It will during the subscription period also be possible to subscribe for B-shares without the support of subscription rights through the use of an application form. Information on any possible allotment of shares will in this case be sent as a contract note containing payment instructions.

The Company's share capital may as a consequence of the public preferential share issue increase with a maximum of 3,194,442 SEK to a total of 4,472,219 SEK. The number of shares may increase with a maximum of 32,044,800 B-shares to a maximum of 44,862,720 shares, of which 9,023,952 will be A-shares, 35,830,609 will be B-shares and 8,159 will be preference shares. Dilution of holdings to owners who choose not to participate in the public share issue pro rata to their current holdings is approximately 71 percent of the capital. The newly issued B-shares will entitle to dividend for the first time on the record date for dividend that occurs closest to the date when shares have been entered into the Company's share register. It shall, however, be noticed that the Company's preference shares are entitled to dividend before any other share class.

For additional information on the public preferential share issue of shares of class B, readers are referred to the prospectus that the Company expects to announce on September 6, 2013. The prospectus will be available on the Company's home page, [www.avtech.se](http://www.avtech.se); on the homepage of Erik Penser Bankaktiebolag, [www.penser.se](http://www.penser.se) and on the homepage of Finansinspektionen, [www.fi.se](http://www.fi.se).

#### **Presubscriptions and share issue guarantees**

AVTECH has received presubscriptions amounting to approximately 7.0 MSEK equaling 39.8 percent of the share issue. The Company has in addition entered into agreements with issue guarantors on 8.0 MSEK in total, equaling 45.4 percent of the share issue. The public preferential share issue of shares of class B is subsequently covered with an amount of approximately 15.0 MSEK, equaling 85.2 percent of the public preferential share issue.

#### **Advisors**

The Company's financial advisor in connection with the public preferential share issue of shares of class B is Erik Penser Bankaktiebolag. Baker & McKenzie Advokatbyrå KB is the Company's legal advisor.

#### **For more information, please contact**

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#### **About AVTECH Sweden AB (publ)**

AVTECH develops products and services for digital Air Traffic Management (ATM). Its customers include the global aviation industry; e.g. airlines, airports, aviation authorities, technology companies and airline manufacturers. By using AVTECH's products and services, each individual flight as well as the entire airline operation can be optimized in terms of cost, noise and emission, efficiency, punctuality and safety. The head office is in Stockholm, Sweden with subsidiaries in Toulouse, France and Dubai, U.A.E. AVTECH Sweden AB is listed on NASDAQ OMX First North and has appointed Mangold Fondkommission AB as Certified Adviser.