



**AVTECH Sweden AB (publ)**

**INTERIM REPORT**  
**January - June 2018**





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- AVTECH Group's turnover for the second quarter of 2018 amounted to MSEK 3.3 (2.4).
- Operating profit before depreciation for the second quarter of 2018 was MSEK 0.2 (-1.1) and for the six-month period MSEK 0.4 (0.5). Net profit for the second quarter of 2018 amounted to MSEK -0.9 (-1.1) and for the six-month period -1.8 (-2.4) or SEK -0.03 (-0.03) per share.
- Cash flow from operating activities for the second quarter of 2018 amounted to MSEK -0.2 (-0.1) and for the six-month period -0.5 (-2.8). The Group's cash and cash equivalents at the end of the period amounted to MSEK 17.4 (at the previous year's change 20.4). Increased market efforts of approximately 1.3 MSEK and continued supplementary product development of approximately 1.9 MSEK have affected liquidity during the six-month period.
- Equity at the end of the period amounted to MSEK 28.2 (at the previous year's end 30.0) or SEK 0.50 (0.53) per share. The Group's equity ratio was 96.5 percent (95.9).
- 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". 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.
- During the current six-month period, a first trial version of the AVTECH proFLIGHT iOS tablet app has been tested by about 20 pilots from different airlines. The app has been received in a very positive way. With Met Office 10KM flight weighing is a world-wide base that has been combined with AVTECH's technology for processing and visualization of complex decision making. 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 in the Lufthansa Group continues in a positive way. Lufthansa Mainline has indicated a high workload in the IT unit responsible for technical integration of systems such as Aventus Nowcast.
- As previously announced, AVTECH has conducted an evaluation project of major parts of the current product range in cooperation with Norwegian Air Shuttle. During the period, the cooperation has evolved into a conviction that AVTECH's various products can be expected to be included in Norwegian's future support system. Norwegian Air Shuttle has also expressed great 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.
- During the period, it was decided to expand AVTECH's core competencies with two recruitments in the area of APP development and visualization of complex data.

#### **Events after the end of the period**

- On 16/8 2018, it was announced that AVTECH and Met Office (UK) signed a 3-year cooperation agreement. Office will deliver weather data from the unique 10KM-based "High Resolution Weather" to AVTECH's weather-related services and products. Under this new contract, AVTECH has an exclusive access to a jointly developed API interface that enables AVTECH products users to obtain 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 aviation. More than 50,000 flights have been included in the analyzes. It is clear that Met Office's 10KM-based weather grid, compared to the current 140K, which is standard in aviation, reduces wind and temperature errors of more than 50%.
- 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.
- With the Met Office agreement as a starting point for the autumn's campaigns, AVTECH intends to raise awareness of the company in the aviation industry as well as increase market contacts.

To achieve these goals, three campaigns have been defined:

1. **AVTECH Premium** - A comprehensive term on AVTECH's offer - The modern weather uplink solution. With the keywords SAFE (SIGMA turbulence alert), SAVE (Aventus Optimization) and COMFORT (the result achieved when the systems are used).
2. **Aventus SIGMA** - 1-2 months free trial of Aventus Premium Sigma based on Met Office 10KM weather grid with turbulence alert. The target group is an airline with large 737 fleets, and planes for long distances. Within the airlines, the campaign focuses on Chief Pilots and C-level, fuel-saving specialists and specialists focusing on SAFE, SAVE & COMFORT.
3. **AVTECH proFlight** - a 3 month free trial - aimed at professional pilots. After the test period, the pilot is offered an annual subscription. The ambition is increased exposure enabled by those pilots, to encourage large airlines to subscribe to the service.

Amongst other things:

- regular articles in the trade press to describe Aventus Premium and the Met Office 10KM weather grid and how unique it is
- banners, advertisements, inserts and, updates to AVTECH channels of social media on the basis of both article content above and partly client testimonials from existing users,
- Continued participation in fairs and additional webinars.

Media activities will take place continuously with repeated messages aimed at each target group.



## AVTECH Sweden AB (publ)

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#### SECOND QUARTER 2018

##### **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 second 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://www.avtech.aero/products--services>)**

##### **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 second quarter amounted to MSEK 3.3 (2.4), resulting from sales mainly in North America (North America) and the Aventus NowCast™ business area (Aventus NowCast™). Depreciation amounted to MSEK -1.1 (-1.4), of which MSEK -1.1 (-1.3) was depreciation of capitalized development costs, etc. Operating income was MSEK -0.9 (-1.1). Net profit for the second quarter

amounted to MSEK -0.9 (-1.1). Cash flow from operating activities was MSEK - 0.2 (-0.1).

#### PERIOD JANUARY-JUNE 2018

The Group's net sales for the six-month period amounted to MSEK 6.1 (4.6), mainly due to the Aventus NowCast business area. The write-downs amounted to MSEK 2.2 (2.9), of which MSEK 2.2 related to depreciation on capitalized expenses, development work, etc. Operating profit was MSEK -1.8 (-2.4). Net profit amounted to -0.0 (-0.0)

#### Investments

Investments in inventories during the six-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 17.4 (at year-end 20.4), corresponding to SEK 0.31 (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 28.2 (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 96.5 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 174,000 in respect of management services.

Costs of SEK 138,496 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.

Spirit Racing SL Spain, a company owned by 100% by Lars GV Lindberg (AVTECH's board member charged with the AVTECH profit and loss account of SEK 40,000. The cost was primarily for operational work.

#### PARENT

COMPANY AVTECH Sweden AB (publ) reported an operating profit for the six months period of MSEK -1.8 (-2.4). The parent company's equity at the end of the period amounted to MSEK 28.2 (at year-end 30.0 MSEK). Liquid funds amounted to MSEK 17.4 (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 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 website [www.avtech.se](http://www.avtech.se).

### **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 positive view of the company's business areas.

### **FUTURE INFORMATION REPORTS**

#### **Report**

Quarterly Q3 2018	2018-10-16
Year-End Report 2018	2019-02-12

Kista, August 24, 2018

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

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AVTECH Sweden AB ( publ), organization number 556568-3108, has its registered office in the municipality of Stockholm. 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 at 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 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 August 28, 2018 at 08.30 CET.

<b>GROUP INCOME STATEMENT</b>	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>	<b>2017</b>
MSEK	<b>Apr-Jun</b>	<b>Apr-Jun</b>	<b>Jan-Jun</b>	<b>Jan-Jun</b>	<b>Full year</b>
Net sales	3.3	2.4	6.1	4.6	10.4
Activated development expenditure, mm	1.0	1.1	1.8	1.8	3.7
Other operating income	0.0	0.0	0.0	0.0	0.1
<b>Total income for the period</b>	<b>4.3</b>	<b>3.5</b>	<b>7.9</b>	<b>6.4</b>	<b>14.1</b>
External expenses	-2.9	-2.2	-5.0	-3.9	-8.7
Staff costs	-1.2	-1.0	-2.5	-2.0	-4.1
Depreciations	-1.1	-1.4	-2.2	-2.9	-4.8
<b>Total operating expenses for the period</b>	<b>-5.2</b>	<b>-4.6</b>	<b>-9.7</b>	<b>-8.8</b>	<b>-17.6</b>
<b>Operating profit for the period</b>	<b>-0.9</b>	<b>-1.1</b>	<b>-1.8</b>	<b>-2.4</b>	<b>-3.5</b>
<b>Net financial items</b>	<b>0.0</b>	<b>-0.0</b>	<b>0.0</b>	<b>-0.0</b>	<b>-0.0</b>
Profit before tax for the period	-0.9	-1.1	-1.8	-2.4	-3.5
Tax	-	-	-	-	-
<b>PERIOD RESULTS</b>	<b>-0,9</b>	<b>-1.1</b>	<b>-1.8</b>	<b>-2.4</b>	<b>-3.5</b>

<b>GROUP CASH FLOW ANALYSIS</b>	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>	<b>2017</b>
MSEK	<b>Apr-Jun</b>	<b>Apr-Jun</b>	<b>Jan-Jun</b>	<b>Jan-Jun</b>	<b>Full year</b>
Cash flow before change in working capital (Note 2)	-3.0	1.0	-5.0	-1.0	-1.6
Change in working capital	1.0	-2.0	2.0	0.5	3.5
<b>Cash flow from operating activities</b>	<b>-2.0</b>	<b>-1.0</b>	<b>-3</b>	<b>-2.8</b>	<b>-5.1</b>
Cash flow from investing activities (Note 2)	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
<b>CHANGE IN FINANCIAL STATEMENTS</b>	<b>-2.0</b>	<b>-1.0</b>	<b>-3.0</b>	<b>-2.8</b>	<b>-5.1</b>

<b>KEY FIGURES</b>	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>	<b>2017</b>
	<b>Apr-Jun</b>	<b>Apr-Jun</b>	<b>Jan-Jun</b>	<b>Jan-Jun</b>	<b>Full Year</b>
<b>Turnover per employee, MSEK</b>	1.3	0.6	1.9	0.7	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	0.04	0.11	0.08	0.18
Net earnings per share, SEK before dilution	-0.02	-0.04	-0.03	-0.04	-0.01
Net earnings per share, SEK after dilution	-0.02	-0.04	-0.03	-0.04	-0.06
cash flow (fr. op. business.) per share, SEK (Note 2)	0.001	-0.01	-0.02	0.03	-0.12
Operating margin	Neg.	Neg.	Neg	Neg.	Neg.



<b>CONSOLIDATED BALANCE SHEET</b>	<b>2018</b>	<b>2017</b>	<b>2017</b>
MSEK	<b>30 June</b>	<b>30 June</b>	<b>31 Dec</b>
<b>ASSETS</b>			
Balanced expenses for development work, etc.	9.3	6.7	7.8
Buildings and land	-	-	-
Equipment, tools and installations (Note 4)	0.1	0.2	0.1
<b>Total fixed assets</b>	<b>9.4</b>	<b>6.9</b>	<b>7.9</b>
Other current receivables	2.4	2.5	2.9
Liquid funds (Note 5)	17.4	22.3	20.4
<b>Total current assets</b>	<b>19.8</b>	<b>24.8</b>	<b>23.3</b>
<b>TOTAL ASSETS</b>	<b>29.2</b>	<b>31.7</b>	<b>31.2</b>
<b>EQUITY AND LIABILITIES</b>			
Shareholders' equity	28.2	31.1	30.0
Long-term liabilities	-	-	-
Current liabilities (Note 5)	<b>1.0</b>	<b>0.6</b>	-1.2
<b>TOTAL CAPITAL AND LIABILITIES</b>	<b>29.2</b>	<b>31.7</b>	<b>31.2</b>
<b>Items within the line</b>			
Pledged assets (Note 6)	-	-	-
Contingent liabilities	-	-	-

<b>CHANGE IN THE GROUP'S EQUITY</b>	<b>2018</b>	<b>2017</b>	<b>2017</b>
MSEK	<b>30 June</b>	<b>30 June</b>	<b>31 Dec</b>
Shareholders' equity at the beginning of the period	30.0	33.9	33.9
	-	-	-
Result at the end of the period	-1.8	-2.4	-3.4
Translation differences	-0.0	-0.4	0.5
<b>Equity at end of the period</b>	<b>28.2</b>	<b>31.1</b>	<b>30.0</b>

<b>KEY FIGURES</b>	<b>2018</b>	<b>2017</b>	<b>2017</b>
	<b>30 June</b>	<b>30 June</b>	<b>Dec 31</b>
Soli Dividend / equity ratio	96.51%	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	0.31	0.40	0.36
Shareholders' equity, SEK	0.50	0.55	0.53
Share price at the end of the period, SEK (Note 8)	3.28	3.31	4, 2
Price / equity (note 8)	3.3	4.6	4.2
Market cap at the end, M (note 8)	185.3	260.4	235.0

**QUARTERLY DATA**

MSEK	Q1	Q2	Q3	Q4	Annual
<b>Sales</b>					
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			
<b>Operating income</b>					
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			
<b>Cash flow from operating activities (Note 2)</b>					
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			

**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 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)** Mainly 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, 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 June 2018**

**Shareholders of AVTECH Sweden AB (publ)**  
**per 2018-06-30**

Name	AK A	AK 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 COMPANY	1 099 084	1 040 000	2 139 084	3.79%	12 030 840	9.58%
FEHRLING, CHRISTER	784 968	2 089 927	2 874 895	5,09%	9 939 607	7.92%
INSURANCE COMPANY, AVANZA PENSION	0	9 522 071	9 522 071	16.86%	9 522 071	7.58%
SOURCE, 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	3.53%
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	3.05%
LÄKARLEASING SWEDEN 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%
<b>Total 10 largest shareholders</b>	<b>6 737 503</b>	<b>15 914 777</b>	<b>22 652 280</b>	<b>40,11%</b>	<b>83 289 807</b>	<b>66,00%</b>
<b>Total other</b>	<b>937 248</b>	<b>32 890 033</b>	<b>33 827 281</b>	<b>59,98%</b>	<b>42 262 513</b>	<b>35,04%</b>
<b>Total</b>	<b>7 674 751</b>	<b>48 804 810</b>	<b>56 479 561</b>	<b>100.00</b>	<b>125 552 320</b>	<b>100.00</b>

**About AVTECH Group**

AVTECH develops products and services for digital Air Traffic Management. Customers are the global aviation industry players such as airlines, airports, air traffic services providers, technology companies and aircraft manufacturers. With the help of the company's products and services, each individual flight or whole flight operation can be optimized in terms of cost, noise and emissions, efficiency, capacity, punctuality and safety. Headquartered in Stockholm, Kista. For more information, see [www.avtech.se](http://www.avtech.se).