

AVTECH

AVTECH SWEDEN AB (publ)

INTERIM REPORT
JANUARY - JUNE 2020



CEO COMMENT

During the second quarter of the year, the airline industry has seen a sharp decrease in demand for air travel in the wake of the COVID-19 pandemic, which in turn greatly reduced flying and thus the use of AVTECH's services.



The turnover for the quarter decreased but was supported by a few fixed-price agreements that were not affected by reductions in flying. At the same time, in April, the necessary cost savings were implemented in the form of reductions in working hours for our employees and consultants. Second quarter earnings were thus positively impacted, which contributes to an endurance to handle continued decrease in sales during the next quarter.

We are now in the midst of a slow recovery of passenger flights, which, however, is beset by setbacks in the form of new virus outbreaks and travel restrictions, which creates uncertainty. It is likely that the airlines that survive the crisis can create a stronger position with the possibility of better future margins. As the demand gradually increases, we plan to intensify our information and market efforts.

Despite these setbacks in the industry, we continue to have a positive outlook for the future. Our portfolio of services that reduce fuel consumption and environmental impact without requiring investment in new equipment should be of interest to those airlines that want to create a competitive advantage and a better environmental profile. Although market growth may turn out to be slow, our growth should be faster. In addition, many airlines have received financial support packages including commitments to certain levels of future emission reductions. Here, AVTECH's service offering is a "low hanging fruit" where an airline can easily achieve a 1.5% emission reduction through a more efficient flight profile. During the autumn, a number of marketing efforts will be directed to inform about this.

Despite a low fuel price that may have a negative effect in the short term on the willingness to invest in efficiency solutions, the trend is clear towards efficiency and reduced environmental impact in the longer term. Here, AVTECH is well positioned and we remain ready to deliver services that optimize the flight, increase comfort, and reduce fuel costs and carbon dioxide emissions.

Thank you for your continued interest in AVTECH.

David Rytter
CEO

KEY FIGURES AND EVENTS

MSEK	2020 Quarter 2	2020 Quarter 1	2019 Quarter 2
Net sales	3.3	4.0	3.8
Operating profit before depreciation	+0.7	+0.3	+1.4
Net profit	+0.3	+0.0	+0.5
Net profit per share, SEK	+0.005	+0.000	+0.008
Cash flow	+0.5	-1.0	-0.8
Cash and cash equivalents	12.8	12.3	13.3
Equity	28.8	28.5	28.6
Equity per share, SEK	0.51	0.50	0.51
Equity ratio, %	91.6%	93.1%	97.8%

- A few fixed-price agreements have contributed to a smaller-than-expected decrease in net sales for the quarter.
- From mid-March, all staff will mainly work from home according to the Public Health Agency's recommendation for reduced transmission.
- As expected, the reduction in working time from April has led to reduced costs for both development and marketing. This allows us to retain staff and skills in the face of the situation turning.
- At the end of the period, a one-year extension of the agreement with Southwest Airlines was implemented. According to press release on June 25. Preparations for an Aventus full-flight winds test are expected to continue in the fall but may be delayed further due to COVID-19 impact.
- The focus of the marketing for the quarter has been the environment, optimizer and proFLIGHT and to create engaging content on social media and to make personal contacts in these areas. We have often partnered with the Met Office to increase the dissemination of social media posts. In addition to this, preparations have been made for the launch of proFLIGHT and autumn campaigns with a focus on the environment, optimizer and proFLIGHT.

EVENTS AFTER THE PERIOD

- The development of proFLIGHT continues with some delays due to the reduced pace. The launch of a payment solution is planned for the third quarter. The number of proFLIGHT users at the end of the period amounted to more than 1550 from more than 200 airlines.
- Work on a new website is also continuing but has been delayed. The current goal is to launch this at the beginning of quarter 4.
- Planned marketing activities in the upcoming quarters
 - A news article and information campaign focusing on environmental impact and modern technology in the cockpit
 - A Met Office video production focusing on the benefits of high-resolution weather.
 - A webinar focusing on proFLIGHT and the value of a combination of a good turbulence forecast and measured data from the preceding aircraft.
 - A direct information campaign where airline decision-makers are made aware of the possibility of fuel and environmental savings through AVTECH's services, without the need for investments in new equipment.
Operational analysis of the service during six months of use in Norwegian has provided us with the conditions to promise a 1.5% cost reduction. A video recording of Norwegian's experience is available [here](https://youtu.be/-O-BZ6pZNjs) (https://youtu.be/-O-BZ6pZNjs).

SECOND QUARTER 2020**Net turnover**

Group's net turnover for the second quarter period amounted to MSEK 3.3 (3.8), derived mainly from the Aventus NowCast™ business area. Depreciation amounted to MSEK -0.4 (-0.9) of which MSEK -0.4 (-0.9) were related to depreciation on capitalized development work expenses, etc. Cash flow from operating activities was MSEK +0,5 (-0.2).

Investments

During the period, investments in inventory were made with MSEK 0.0 (0.0). Expenses for development work of MSEK 0.4 (0.9) have been capitalized.

STAFF

The average number of employees during the period was 10 (8). At the end of the period, the number of employees were 10 (8). In addition to the employed staff, the company also engaged consultants for mainly internal development work and market work during the period.

FINANCIAL POSITION**Cash and cash equivalents**

The Group's cash and cash equivalents at the end of the period amounted to MSEK 12.8 (at year-end 13.3), which corresponds to SEK 0.23 (0.23) 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 28.8 (at year-end 28.9) or SEK 0.51 (0.51) per share. The Group's equity / assets ratio was 91.6 percent at the end of the quarter (91.4 percent at year-end).

RELATED TRANSACTIONS

Ide Design AB, a company wholly owned by Christer Fehrling, invoiced SEK 112,500 for management services during the period April-June 2020.

Redeborn Consultant AB, a company owned 100% by Bo Redeborn, invoiced SEK 112,500 for services mainly within the marketing area during the period April-June- 2020.

PARENT COMPANY

AVTECH Sweden AB (publ) reported a net profit for the quarter of MSEK +0.3 (+0.5). The parent company's equity at the end of the period amounted to MSEK 28.8 (MSEK 28.9 at year-end). Cash and cash equivalents amounted to MSEK 12.8 (13.3 at year-end). During the period, investments in inventory were made by MSEK 0.0 (0.0).

SIGNIFICANT RISKS AND UNCERTAINTY FACTORS

The aviation industry is currently characterized by great uncertainty and a global economic downturn due to the COVID-19 outbreak, which has led to a sharply reduced demand for air travel. It is currently unclear how long this reduction in air travel will last and how quickly the economy and air travel can subsequently return to a new normal state.

There is a concern and uncertainty in the aviation industry as to what effects global warming will have on aviation.

A low fuel price may temporarily reduce airlines' willingness to invest in fuel saving solutions.

The 737 MAX flight stoppage also continues to affect many airlines and it is currently unclear when this aircraft can return into operation.

In its operations, the Group and the Parent Company are exposed to risks of both operating and financial nature, which the Company can partially influence itself. A process is ongoing to identify and manage these risks. The market for the AVTECH Group's products is characterized by long sales times. The Group operates in an early market with great potential but with jerky sales development. AVTECH conducts operational services, whereby the risks in the 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 new share issue prospectus 2013, the sections "Risk factors" and "Legal issues and supplementary information". The prospectus is available through AVTECH's website www.avtech.aero.

PROSPECTS

The Board of Directors continues to have a positive view of the company's business areas, despite the temporary economic downturn caused by COVID-19. The market shows clear signs of a growing interest in efficient IT solutions that support airlines' increasing need to save fuel, become more environmentally responsible and avoid turbulence during the flight. This is interpreted by the Board as positive signals for AVTECH's abilities 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.

Today, AVTECH's sales consist largely of revenue from one product, Aventus. Looking ahead we see a great interest and potential in our portfolio of newly developed products Optimizer, proFLIGHT and SIGMA. More customers and more products for current customers.

UPCOMING INFORMATION EVENTS

Quarterly Report Q3 2020	2020-10-30
Year-end report 2020	2021-02-12

Kista, August 28th 2020, AVTECH Sweden AB (publ). This report has not been reviewed by the company's auditors.

For further information, please contact

David Rytter, 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, <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 August 28th 2020 kl 08.50 CET

GROUP INCOME STATEMENT MSEK	2020	2019	2020	2019	2019
	Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun	Full year
Net turnover	3.3	3.8	7.3	7.8	15.1
Capitalized expenditure for development work, etc.	0.4	0.9	1.4	2.0	5.7
Other operating income	0.5	0.1	0.5	0.2	0.0
Total revenue for the period	4.2	4.8	9.2	9.9	20.9
External expenses	-1.9	-2.3	-4.7	-5.0	-11.6
Personnel expenses	-1.7	-1.2	-3.6	-2.7	-5.4
Depreciation	-0.4	-0.9	-0.7	-1.7	-3.5
Total operating expenses for the period	-4.0	-4.4	-8.9	-9.4	-20.5
Operating profit for the period	0.3	0.5	0.3	0.5	0.4
Sum financial income	0	0	0	0	0
Earnings before taxes	0.3	0.5	0.3	0.5	0.4
Taxes	0	0	0	0	0
PERIOD EARNINGS	0.3	0.5	0.3	0.5	0.4

CONSOLIDATED CASH FLOW ANALYSIS MSEK	2020	2019	2020	2019	2019
	Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun	Full year
Cash flow before change in working capital (note 1)	0.2	0.1	-0.5	-0.4	2.5
Change in working capital	0.3	-0.8	0.0	-2.1	-1.6
Cash flow from operations	0.5	-0.8	-0.5	-2.5	0.9
Cash flow from investment activities (note 1)	0	0	0	0	0
Cash flow from financing activities (note 1)	0	0	0	0	0
TOTAL CHANGE IN LIQUID FUNDS	0.5	-0.8	-0.5	-2.5	0.9

KEY FIGURES MSEK	2020	2019	2020	2019	2019
	Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun	Full year
Sales per employee, MSEK	0.3	0.5	0.7	1.1	1.9
Average number of shares, thousands	56 480	56 480	56 480	56 480	56 480
Average number of shares, thousands, after dilution (note 2)	-	-	-	-	-
Turnover per share, SEK	0.06	0.07	0.13	0.14	0.27
Net earnings per share, SEK before dilution	0.00	0.01	0.00	0.01	0.01
Net earnings per share, SEK after dilution	-	-	-	-	-
Cash flow (from operations) per share, SEK (note 2)	0.01	-0.01	-0.01	-0.04	0.01
Operating margin	4%	6%	3.7%	6.3%	2.4%

CONSOLIDATED BALANCE SHEET	2020	2019	2019
MSEK	30-jun	30-jun	31-dec
ASSETS			
Balanced expenditure for development work, etc.	14.4	12.2	13.5
Buildings and land	0.0	0.0	0.0
Inventories, tools and installations (note 3)	0.0	0.1	0.0
Total fixed assets	14.4	12.3	13.6
Other current receivables	4.3	3.7	4.3
Cash and cash equivalents (note 4)	12.8	13.3	13.3
Total current assets	17.0	16.9	17.6
TOTAL ASSETS	31.4	29.2	31.1
EQUITY AND LIABILITIES			
Equity	28.8	28.6	28.9
Non-current liabilities	0.0	0.0	0.0
Current liabilities (note 4)	2.6	0.6	2.2
TOTAL EQUITY AND LIABILITIES	31.4	29.2	31.1
Memorandum Items			
Pledged assets (note 5)	-	-	-
Contingent liabilities	-	-	-
CHANGE IN GROUP EQUITY			
MSEK	2020	2019	2019
	30-jun	30-jun	31-dec
Equity at the beginning of the period	28.5	28.1	28.1
Profit for the period	0.3	0.5	0.4
Translation differences in equity			
Equity at end of period	28.8	28.6	28.5
KEY FIGURES			
MSEK	2020	2019	2019
	30-jun	30-jun	31-dec
Equity ratio	91.6%	97.8%	91.4%
Number of shares at end of period, thousands (note 6)	56 480	56 480	56 480
Number of shares at period closing, thousands, after dilution (note 2)	-	-	-
Cash and cash equivalents per share, SEK	0.23	0.23	0.24
Equity per share, SEK	0.51	0.51	0.50
Market price at the end of the period, SEK (note 7)	1.13	2.99	2.53
Price/Equity per share (note 7)	2.22	5.91	5.02
Market capitalization at end of period, MSEK (note 7)	63.8	168.9	142.9

QUARTERLY DATA		Quarter 1	Quarter 2	Quarter 3	Quarter 4	Full year
MSEK						
Sales						
	2018	2.8	3.3	3.1	3.4	12.5
	2019	4.0	3.8	4.0	3.4	15.1
	2020	4.0	3.3			
Operating profit						
	2018	-0.9	-0.9	-0.2	+0.1	-1.9
	2019	+0.0	+0.5	+0.6	-0.7	+0.4
	2020	+0.0	+0.3			
Cash flow from operating activities (note 2)						
	2018	-0.3	-0.2	-0.1	-0.1	-0.7
	2019	-1.7	-0.8	+0.1	+2.8	+0.5
	2020	-1.0	+0.5			

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) 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, i.e. 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 and IT-related hardware.

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.

SHAREHOLDERS OF AVTECH SWEDEN AB (publ)

2020-06-30

Name	AK A	AK B	Holdings	Holdings %	Votes	Votes %
LINDBERG, LARS	2126683	800521	2927204	5.18	22067351	17.58
OLCON ENGINEERING AKTIEBOLAG	1411084	159300	1570384	2.78	14270140	11.37
FEHRLING, CHRISTER	884968	2364515	3249483	5.75	11214195	8.93
FÖRSÄKR.AKTIEBOL, AVANZA PENSION	0	8012095	8012095	14.19	8012095	6.38
BRONGE, JOHAN	644600	0	644600	1.14	6446000	5.13
S-BOLAGEN AB	400000	261456	661456	1.17	4261456	3.39
BÄCKVALL, LARS	270000	1238584	1508584	2.67	3938584	3.14
CDA TRADING AB	0	3000000	3000000	5.31	3000000	2.39
LÄKARLEASING SVERIGE AB	300000	0	300000	0.53	3000000	2.39
REDEBORN CONSULTING AB	300000	0	300000	0.53	3000000	2.39
JOHANSSON, RUNE	250084	480301	730385	1.29	2981141	2.37
TONSJÖ, MATS	100000	1470625	1570625	2.78	2470625	1.97
DAHLSTRÖM, LARS ANDERS GUSTAF A	150084	353860	503944	0.89	1854700	1.48
REDEBORN, BO	150084	322598	472682	0.84	1823438	1.45
MARTIN LAGERQVIST AB	150084	30800	180884	0.32	1531640	1.22
FUTUR PENSION	150084	7000	157084	0.28	1507840	1.20
KRONANDER, BJÖRN-OLA JOHAN	150084	0	150084	0.27	1500840	1.20
SAXO BANK A/S CLIENT ASSETS	0	1453958	1453958	2.57	1453958	1.16
WAHLUND, LARS	0	1074517	1074517	1.90	1074517	0.86
CACEIS BANK, W-8IMY	100084	2000	102084	0.18	1002840	0.80
GULLANDER, ANDERS	0	1000000	1000000	1.77	1000000	0.80
OLSSON, JONNY	0	1000000	1000000	1.77	1000000	0.80
ZÖÖGLING, INGVAR AXEL HJALMAR	84800	54454	139254	0.25	902454	0.72
NORDNET PENSIONS FÖRSÄKRING AB	0	731359	731359	1.29	731359	0.58
MUTH, PETER	0	569536	569536	1.01	569536	0.45
HANDELSBANKEN LIV						
FÖRSÄKRINGS AKTIEBO	0	542135	542135	0.96	542135	0.43
STAAF, ANDERS	50028	0	50028	0.09	500280	0.40
WACHTMEISTER, MATTIAS	0	452241	452241	0.80	452241	0.36
John Eric, Selwood	0	435000	435000	0.77	435000	0.35
ANDERSSON, ROLF TOMMY	0	423840	423840	0.75	423840	0.34
SUMMA 30 STÖRSTA AKTIEÄGARNA	7 672 751	26 240 695	33 913 446	60.05	102 968 205	82.01
SUMMA ÖVRIGA	2 000	22 564 115	22 566 115	39.95	22 584 115	17.99
TOTALT	7 674 751	48 804 810	56 479 561	100	125 552 320	100

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.