



AVTECH Sweden AB (publ)

**YEAR END REPORT
JANUARY - DECEMBER 2017**





AVTECH Sweden AB (publ)

YEAR END REPORT

January - December 2017

- AVTECH-group turnover for the fourth quarter 2017 amounted to MSEK 4.1 (3.2). Turnover for the twelve-month period amounted to 14.1 (11.5).
- Operating profit before depreciation for the fourth quarter 2017 was MSEK +0.3 (-2.7) for the 12-month period + 1.3 (-5.5)
- Net result for the fourth quarter 2017 amounted to MSEK -0.3 (- 2.7) and for the 12-month period -3.5 (-11.5) or SEK -0.06 (-0.20) per share.
- During the 12-month period, investments in new products were made. MSEK 3.7 (3.0) of these new investments have been activated.
- Cash flow from operating activities for the fourth quarter 2017 amounted to MSEK -1.0 (-1.3). Group liquid funds at the end of the year MSEK 20.4 (last year end 25.1).
- Equity capital at the period totaled to 30.0 MSEK (last year 33.9) or SEK 0.52 (0.60) per share. The Group's solidity ratio was 95.9 (96.9) percent.
- During the year, our partnership with the Met Office (UK) further deepened. Met Office (UK) for its part has developed, High-Resolution Weather (HRW), a unique refined weather forecast. This forecast is now a weather grid of 10x10 km which is considerably better than the market standard 140x140 km. A refined weather grid means, among other things, that a turbulence can be detected in e.g. 10 000 m altitude directly over the tip of Jylland (Denmark) rather than traditional projections where turbulence warnings issued over large parts of the North Sea. When the High-Resolution Weather (HRW) estimates are combined with AVTECH's unique skills to transmit detailed and accurate information via data link directly, and in real time to the aircraft cockpit, increasing the possibilities for airlines to significantly improve fuel economy, safety, and timing accuracy.
- In April, a collaboration was established between the Met Office (UK), easyJet, Gatwick airport in London and AVTECH. The intention is to improve the efficiency of arriving aircraft to Gatwick, using Aventus as timing tool (TBO - Time Based Operation).
- In June 2017 the company announced that AVTECH and easyJet, one of Europe's leading airlines, has agreed to deploy AVTECH's Aventus NowCast™ Full Flight to the whole easyJet fleet, including both Swiss and British aircrafts. The decision was a result of the positive results from the completed product evaluation. Commissioning of Aventus for the remaining part of easyJet's fleet is now in the final phase.
- In September, the first version of AVTECH's Aventus SIGMA solution was ready developed. Aventus SIGMA is a high quality service that with high precision presents, in real time, significant weather conditions such as icing, turbulence, volcanic ash, etc. to the cockpit of the aircraft. In the first version, AVTECH, and the Met Office (UK) focused on high resolution turbulence along the selected trajectory. Aventus SIGMA, during the fourth quarter of 2017 has been put into operation at BRA - Braathens Regional Airlines and Norwegian Airlines.
- In October, AVTECH announced that a commercial cooperation has begun with Lufthansa Cargo AG on Aventus NowCast™. The product gives the pilot access to

weather data of the highest quality and efficiency can then be achieved in terms of optimizing the flight path, thus reducing both fuel consumption and environmental impact. The discussions with other airlines in the Lufthansa Group also continues, where business conditions are fairly similar.

- During the year, efforts have been made to further develop Aventus system (NowCast™ and SIGMA). This development work has been conducted in cooperation with, among others, Norwegian and BRA. These efforts have resulted in an extension of the applicability of the products, including the types of aircraft that are not yet fully adapted to use the information from Aventus system.
- During the year, efforts were made to further customize user Aventus system. In September, the ongoing work to develop a SIGMA iOS Tablet App was announced, where weather forecasts and warnings as well as Aventus NowCast are visualized for the pilot user. The product should also be able to become a powerful tool for other flight operations personnel.

Events after the year end

- In 2018, EasyJet is expected to join the group of developing clients for SIGMA weather warning system where BRA and Norwegian already are included.
- A rising market demand for products and services in our segment and a broadening of AVTECH products has led to a decision on a substantial increase in marketing activities for 2018.
- The in 2017 established cooperation project between the Met Office (UK), easyJet, the airport at Gatwick in London and AVTECH continues . Within the framework of cooperation, different solutions to streamline airspace utilization are discussed. The project will continue with the objective to develop the technical and financial models for start-up of an implementation project during 2018.
- In January, a close group of pilots began using SIGMA iOS Tablet App. This is done as a last step of verification and product customization for a launch in Q2 2018.
- AVTECH's stated strategy of customer-driven development of products and services has led to a close collaboration with our customers. This has resulted in products with high customer benefit that is user friendly and easily integrated without the need for changes in the aircraft's hardware.



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FOURTH QUARTER OF 2017

Business area Aventus NowCast™

Aventus NowCast™ is AVTECH's service offering directed mainly to airlines for software aided optimization of aircraft operations taking into account weather and winds. Aventus NowCast™ optimizes aircraft flight routes, time, energy consumption, environmental impact, safety and air-economy, all of which are factors of great importance to the air transport industry. The optimization methodology which AVTECH uses is patented in Sweden, an enlarged Europe, North America and China.

Aventus SIGMA is a high quality service with high precision and presents significant weather conditions such as icing, turbulence, volcanic ash, etc. to the cockpit of the aircraft in real time. By having access to the latest forecasts of turbulence, icing, departure and arrival weather, qualified decisions can be taken by the pilots, which contributes to safer and more comfortable flights. Aventus SIGMA Turbulence is the first step in the expansion of Aventus concept.

As further support for Aventus system, Aventus Management Dashboard is also offered to AVTECH's clients. This enables real-time monitoring of the Aventus system and its positive effects for the airline's business.

During the latter part of 2017, the development of the app entered a test

phase. We currently use a selected group of pilots who uses the product during flights. The app is expected to be launched for commercial use in Q2 2018.

AVTECH's sales efforts intensified during the fourth quarter. Our extended product range and the launch of the HRW has created favorable conditions as more airlines can benefit from our products.

More information about our products;
[Aventus SIGMA](#)
[Aventus NowCast](#)
[Aventus AIR](#)

For a short presentation of AVTECH's product concept:

<http://avtech.aero/bigdataplatfom/>

AVTECH participated along with the Met Office in a joint stand at "Aircraft Commerce's 11th Annual Aircraft Flight Operations Conference" in London in November 2017. A representative from Lufthansa Cargo, Björn Ostertag, presented the company's fuel savings and operational benefits using Aventus NowCast™ compared with wind uplink from Lido. The presentation showed a convincing advantage of using Aventus NowCast™.

The contract with easyJet is a good example of AVTECH's technical and commercial competitiveness, and also on the success of the company's

strategy to focus its activities on the selling to key customers with huge potential business volumes. Generally, the sales activities continued during the quarter, to some extent marked by delays related to administrative reasons at the airline level, as well as the existing processes were expanded to include optimized winds for all other aviation segments beyond “descent” (pre-flight, take-off and en-route). Though implying a greater commercial potential and competition for the individual contracts, it meant expansions to some ongoing key processes were delayed, which easyJet contract, obtained in January 2016, is an example. AVTECH has through close dialogue with its customers also identified technical solutions that allow customers to quickly overcome the internal problems.

Despite an already high delivery reliability Aventus system continued to improve during the quarter by the, in October 2016 announced collaboration, with Met Office (UK) for joint development. This refers to the new services AVTECH previously informed about, among other things, with respect to turbulence, lightning, and other extreme wind warnings. AVTECH has an exclusive option to send processed weather data provided by the world's most advanced forecast, the Met Office (UK), high-resolution meteorological model, which in October led to a joint project with the Norwegian Air Shuttle in order to reduce emissions and fuel consumption, partly financed by the Swedish energy Agency. In the current trial, Norwegian Air Shuttle supply its pilots with wind and temperature data of the highest quality.

Furthermore, during the quarter, testing and technical arrangements with several airlines were conducted for potential contracting and start-up of commercial deliveries, as well as for potential expansions of existing contracts.

Business area Consultancy

During the quarter, AVTECH continued its sales efforts towards a few strategic airports with great potential need for AVTECH's logistics solutions and high synergy between airline (AVTECH's Aventus clients) and airport. Progress of the efforts continued with good response supported by the demonstrator which AVTECH developed as a way to build and strengthen AVTECH's sales message for the new system

[\(http://avtech.aero/bigdataplatfom/\)](http://avtech.aero/bigdataplatfom/)

Business area Research and Development

Data sources in the new strategic platform so called “Big Data” concept will consist of the four-dimensional flight path data (4DT) produced in Aventus system and the communication systems used in Aventus for communication with the aircraft's navigation computers. Supplemented with additional data properly utilized makes it possible to build a portfolio of services with unique quality enables large efficiency savings for the customer and thereby large financial savings, gate-to-gate. An example of such an application is the Target Time of Arrival Manager (Gatwick). Acceptance is awaited from the dedicated development clients.

Net sales and earnings

Consolidated net sales for the fourth quarter amounted to MSEK 4.1 (3.2),

resulting from the sale mainly in North America (North America) and business Aventus NowCast™ (Aventus NowCast™). Depreciation amounted to MSEK -0.6 (-1.6), of which MSEK-0.6 (-1.6) related to the amortization of capitalized development expenditure, etc. Operating income before amortization was MSEK +0.3 (-2.7). Net income for the fourth quarter amounted to MSEK -0.3 (-2.7). Cash flow from operating activities was SEK -1.0 (-1.3).

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Group revenue for the twelve month period was MSEK 14.1 (11.5) substantially derived from the segment Aventus NowCast™. Depreciations amounted to MSEK 4.8 (5.6), of which MSEK 4.8 related to amortization of capitalized costs for development projects, etc. Operating profit was MSEK -3.5 (-11.5). Net financial income was MSEK -0.0 (-0.0)

Investments

During the twelve months investments in equipment totaled MSEK 0.0 million (0.0). Development cost of MSEK 3.7 (3.0) has been activated.

Personnel

The average number of employees during the period amounted to 7 (5). At the year end, the number of employees 7 (5).

Christer Fehrling, since 2007 board member and one of the major shareholders in AVTECH, took office March 1, 2016 as the Company's new Chief Executive Officer. Christer Fehrling will be active CEO while a long-term CEO is being recruited. In addition to the staff, the company also hired 10 consultants during the period, mainly for internal development and marketing projects.

FINANCIAL POSITION

Liquidity

Group liquid funds at the end of the year MSEK 20.4 (the end of previous year 25.1) which corresponds to SEK 0.36 (0.46) per share. The Group had at the end of the quarter no overdraft facilities.

Equity and solvency

Shareholders' equity at period-end to MSEK 30.0 (33.9 at previous year-end) or SEK 0.52 (0.60) per share. The Group's equity ratio at the end of the quarter was 95.9 percent (at previous year end 96.9 percent).

RELATED PARTY TRANSACTIONS

Ide Design AB, a company owned 100% by Christer Fehrling (AVTECH's CEO), invoiced 526 000 SEK for management services during the period.

Costs about 250 000 SEK charged to AVTECH's income statement for the period regarding work done by Redeborn Consultant AB, a company owned 100% by Bo Redeborn, (AVTECH's Chairman) the cost mainly related to marketing services.

Spirit Racing SL Spain, a company owned 100% by Lars GV Lindberg (AVTECH's director) charged AVTECH's profit of SEK 107 500. The cost related mainly to operational work.

PARENT

AVTECH Sweden AB (publ) reported an operating profit of about MSEK -3.5 (-11.5) for the 12 month period. The parent company's equity ratio at the end of the period amounted to MSEK 30.0 (33.9 MSEK at previous year-end). Liquid assets amounted to MSEK 20.4 (25.1 at previous year-end). During the period the company has invested in

equipment totalling MSEK 0.0 million (0.0).

SIGNIFICANT RISKS AND UNCERTAINTIES

The Group and the parent company's business activities are both on operational and financial risks, which the company partially can control.

There is a continuous process within the company to identify pre-emerging risks, and to assess how they are managed. The market for AVTECH Corporation's products are characterized by long sales cycles. The Group operates in a early market with great potential but with jerky sales. The Parent Company conducts business operations, whereby the risks facing the company is not limited to liquidity risk. A complete account of identified risks and the company's efforts to manage these refer to pages 11-13 and page 40 of the Company's share issue prospectus in 2013, the sections entitled "Risk Factors" and "Legal issues and supplementary information". The prospectus is available on AVTECH's website www.avtech.se.

OUTLOOK

The market is showing clear signs of a growing interest in efficient IT solutions in the aerospace industry. The board interprets this as positive signals

for AVTECH's ability to attract new customers. The increased customer interest shows that AVTECH is considered as a competent developer and supplier of robust and practically applicable IT tools.

The Board continues to have a positive outlook on the company's business.

UPCOMING INFORMATION DATES

Interim report Q1 2018	2018-04-19
Annual General Meeting 2018	2018-05-24
Interim report Q2 2018	2018-08-28
Interim report Q3 2018	2018-10-16
Year End Report 2018	2019-02-12

Kista, February 9, 2018,
AVTECH Sweden AB (publ)
The Board

This report has not been audited.

For further information, please contact

Christer Fehrling, CEO, +46 (0) 8 544 104 80

Britt-Marie Lodenius, CFO, +46 (0) 8 544 104 80

or visit the company website www.avtech.aero

AVTECHs Sweden AB (publ), corporate identity number 556568-3108, domiciled in Stockholm.

Postal and visiting address: Färögatan 33, 24 tr, 164 51 Kista, Sweden.

The company's B-shares (ticker AVT B) traded since February 2012 on NASDAQ OMX First North. The company's Class A shares are not traded in an active market. Certified Adviser is currently Redeye AB (www.redeye.se), tel: +46(0)8-545 01 330. For the explanation of technical terms, see Glossary on page 73 of the Company's share issue prospectus of 2011. The information in this press release is such that AVTECH Sweden AB (publ) is obliged to publish under the EU market Abuse Regulation. The information was provided by the above contact person's Secretariat, for publication February 16, 2018 at 08:30 GMT.

GROUP INCOME STATEMENT

MSEK

	2017 Oct-Dec	2016 Oct-Dec	2017 Full year	2016 year
Net sales	3.1	2.4	10.4	8.4
Activated development expenditure, mm	1.0	0.7	3.7	3.0
Other income	0, 0	0.1	0.0	0.1
Total income for the period	4.1	3.2	14.1	11.5
External expenses	-2.7	-3.4	-8.7	-11.4
Personnel expenses	-1.1	- 0.9	-4.1	-6.0
Depreciation	-0.6	-1.6	-4.8	-5.6
Total operating costs for the period	-4.3	-5.9	-17.6	-23.0
Operating profit for the period	-0.3	-2.7	-3.5	-11.5
Net financial items	0.0	-0.0	-0.0	- 0.0
Profit before tax for the period	-0.3	-2.7	-3.5	-11.5
Tax	-	-	-	-
PROFIT	-0.3	-2.7	-3.5	-11.5

CASH FLOW ANALYSIS MSEK	2017 Oct Nov Dec	2016 Oct-Dec	2017 Full year	2016 year
Cash flow before change in working capital (note 2)	-2.0	-1, 8	-1.6	-8.8
Change in working capital	1.0	0.5	3.5	3.4
Cash flow from operations	-1.0	-1.3	-5.1	-12.2
flow from investments (Note 2)	0.0	0.0	0.0	0.5
	0.0	to 0.0	0.0	0.0
Change in cash	-1.0	-2.6	-5.1	-11.7

KEY FIGURES	2017 Oct-Dec	2016 Oct-Dec	2017 Full year	2016 annual
Sales per employee, MSEK	0.7	-0.2	2.4	1.7
Average number of shares, thousands	56 480	56 480	56 480	56,480
Average number of shares, thousands, diluted (Note 3)	56 480	56 480	56 480	56 480
Revenue per share, SEK	0,05	-0,04	0,18	0,14
Net income per share, SEK before dilution	0.06	-0.05	-0.01	-0.20
Net profit per share SEK after dilution	0.06	-0.05	-0.06	-0.20
flow (fr. maturity. comp.) per share, SEK (note 2)	-0.03	-0.02	-0.12	-0.21
Operating margin	Neg.	Neg.	Neg.	Neg.

**ONSOLIDATED
BALANCE SHEET
MSEK**

	2017	2016
	December 31	December 31
ASSETS		
Capitalized expenditure for development work, etc.	7.8	7.8
Land and buildings	-	-
Equipment, tools and fixtures (Note 4)	0.1	0.3
Total fixed	7.9	8.1
Other current assets	3.0	1.8
Cash (Note 5)	20.4	25.1
Total current assets	23.4	26.9
TOTAL ASSETS	31.3	35.0
CAPITAL AND LIABILITIES		
Equity	30.0	33.9
Long-term liabilities	to	1.1
Current liabilities (Note 5)	1.3	
Total equity and LIABILITIES	31.3	35.0
Items		
Pledged collateral (Note 6)	-	-
Liabilities	-	-

CHANGES IN EQUITY	2017	2016
MSEK	December 31	December 31
Shareholders' equity at beginning of period	33.9	45.4
	-	-
Profit for the period	-3.5	-11.5
Translation differences	0.4	- 0.0
Equity end of period	30.0	33.9

KEY	2017	2016
	December 31	December 31
Solidity / equity share	95.9%	96.9%
Number of shares of stock, thousands (Note 7)	56 480	56 480
Number of shares of stock, thousands, after dilution (note 3)	56,480	56,480
Cash per share, SEK	0.36	0.46
Equity per share, SEK	0.52	0.60
Closing share price, SEK (Note 8)	4.16	3.55
Price / equity (Note 8)	8.01	6.01
Market cap at year end, MSEK (note 8)	235.0	200.5

QUARTERLY DATA					
MSEK	Q1	Q2	Q3	Q4	Full year
Sales					
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
Operating					
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
Cash flow from operations (Note					
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

Accounting Policies and notes

All amounts are in millions of Swedish kronor (MSEK) unless otherwise stated.

Statements have been prepared in accordance with BFNAR 2012: 1 (K3).

Note 1) Refers to the UAE-registered company AVTECH Middle East LLC, established in autumn 2011, which AVTECH Sweden AB (publ) owns 49% of shares. RR13 applied in accounting for investments in associates.

Note 2) The principle of how the capitalized development expenditure are managed in the cash flow estimates has changed, as from January 2012, so that the activations now take into account that "adjustments for non-cash", which affects the "cash flow from operations". Previously capitalized development expenditure is classified as belonging to investing, that excluded "cash flow from operations". Adjustments with regards to policy change has not been made to prior periods in AVTECH's reports.

Note 3) The Group had at the period's end no option programs or other outstanding financial instruments that affect the potential number of shares in AVTECH Sweden AB (publ), so no potential dilution existed.

Note 4) Refers mainly enabled office equipment, IT related hardware (workstations and production center regarding Aventus NowCast™ in Orlando, USA).

Note 5) The Group had at the end of the quarter, no overdrafts. Under current liabilities include accounts payable, interim liabilities related to ongoing projects, other accrued expenses and other current liabilities.

Note 6) Refers to corporate listings submitted as collateral for the company's overdraft facility in Sweden (see Note 6).

Note 7) The indicator shows the actual number of outstanding shares in AVTECH Sweden AB (publ) at any given time.

Note 8) Refers to the price at each balance sheet date for AVTECH's B share. AVTECH Sweden AB (publ) was listed on NASDAQ OMX First North, February 20, 2012 why stock prices do not exist for the period end earlier than that date.

The shareholders in AVTECH Sweden AB (publ)

31 December 2017

Name	A shares	B shares	holding		shares%	Votes%
Lindberg, Lars	2 638 683	786 521	3,425,204		6.06%	20.25%
Olcon Engineering Limited	1,099,084	1 040 000	2 139 084		3.79%	8.97%
Fehrling, Christer	784 968	2 069 927	2 854 895		5,05%	7.39%
Insurance Avanza Pension	0	9 476 081	9 476 081	16 , 78%	9476081	7.06%
StAAF, Christer	695 345	2 170	697 515		1.23%	5.18%
Bronge, Johan	644,600		0,644,600		1.14%	4.80%
S Group companies in AB	400 000	434 775	775834		1.48%	3.30%
Bäckvall, Lars	270 000	1 238 584	1 508 584		2,67%	2.93%
Redeborn, Bo	350 084	322 598	672 682		1.19%	2.85%
Johansson, Rune	250 084	480 301	730 385		1.29%	2.22%
Total 10 largest shareholders	600 168	802 899	1 403 067		40.69%	64,95%
Total other	8 036 728	47 039 766	55 076 494		59,31%	35.05%
Total	8 636 896	47 842 665	56 479 561		%	100.00%

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.