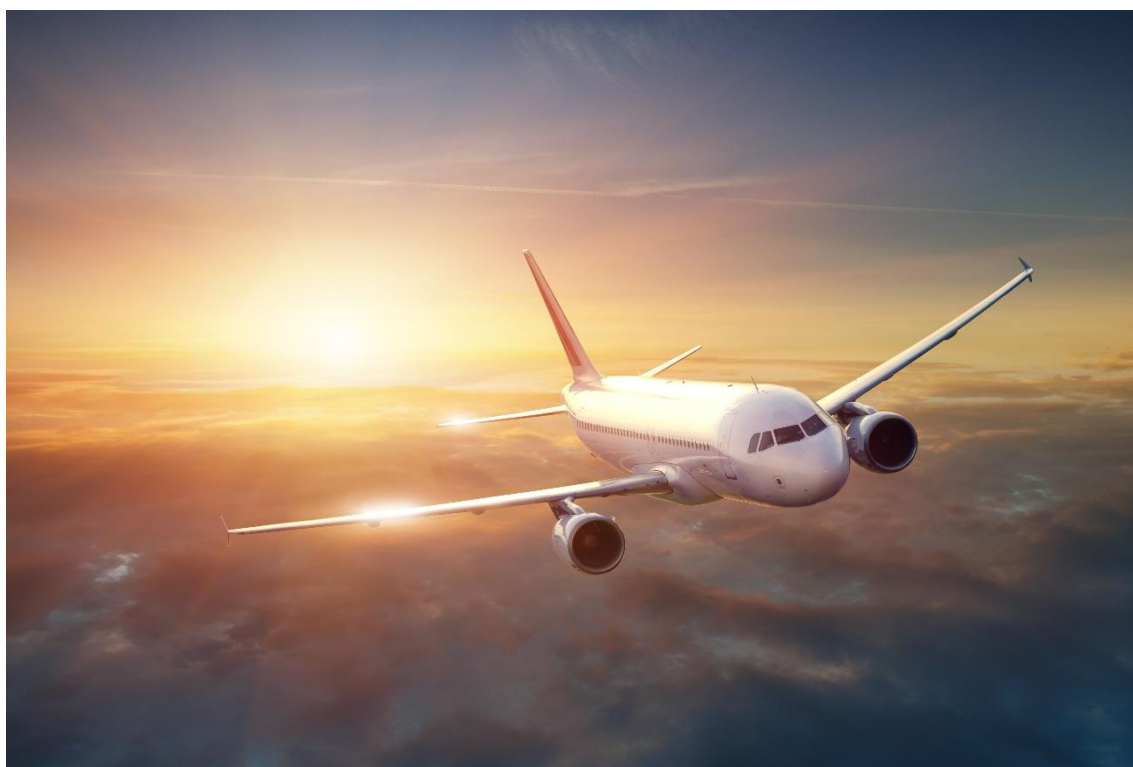




AVTECH Sweden AB (publ)

**INTERIM REPORT
January - September 2019**



- AVTECH Group's sales for the third quarter of 2019 amounted to MSEK 4.0 (3.1).
- Operating profit before depreciation for the third quarter of 2019 was MSEK +1.5 (+1.0)
- Net profit for the third quarter of 2019 amounted to MSEK +0.6 (-0.2) or SEK 0.02 (0.01) per share and for the nine-month period +1.1 (-2.0).
- Cash flow from operating activities for the third quarter of 2019 was SEK + 0.1 (-0.1) million. The Group's cash and cash equivalents at the end of the period amounted to SEK 13.3 million (15.7 at the previous year-end). Increased market and development efforts of approximately SEK 2.2 million have affected liquidity during January - September.
- Equity at the end of the period amounted to SEK 29.2 M (28.1 at the previous year-end) or SEK 0.51 (0.50) per share. The Group's equity ratio was 98.0 (96.0) percent.

During the third quarter of the financial year, several additional development projects were completed.

Several features have been integrated into our proFLIGHT App, and a requested addition to AVENTUS Full Flight in the form of a significantly improved optimization of the flight path has recently been presented to the market. These supplements have been received with great interest.

Our previously decided investments in marketing and sales continue. At the end of the summer period, two more people were recruited to our market group. The market group's focus during the quarter has been to generate interest, contacts and meetings with the airlines.

The increased product range and the successively increased interest in tools that support the airlines' increasing need to save fuel, become more environmentally responsible and avoid turbulence during the flight mean that our product range seems to attract more and more airlines.

Unfortunately, we can see that the time from interest to decision is still illogically long. The third quarter did not entail any further new contract, although we have, as previously announced, more airlines testing our products. Every new customer seems to want to conduct tests in their own operations so far. The time for preparation of tests, conducting tests of at least 3 months, analysis of results and contract negotiations is a process that so far has never been less than a calendar year. However, with an increased number of airline users, we generally expect that the test period with new customers should be shortened.

There seems to be increasing concern in the airline industry, caused by, among other things, uncertainty about the effects of global warming in aviation. An expected global economic downturn as well as signs that more airlines are moving towards a period of lower profitability is another contributing factor. Continued uncertainty about the 737 MAX flight stop will also affect the focus of several of AVTECH's current and future customers. Despite these factors, we can see a growing interest in our products.

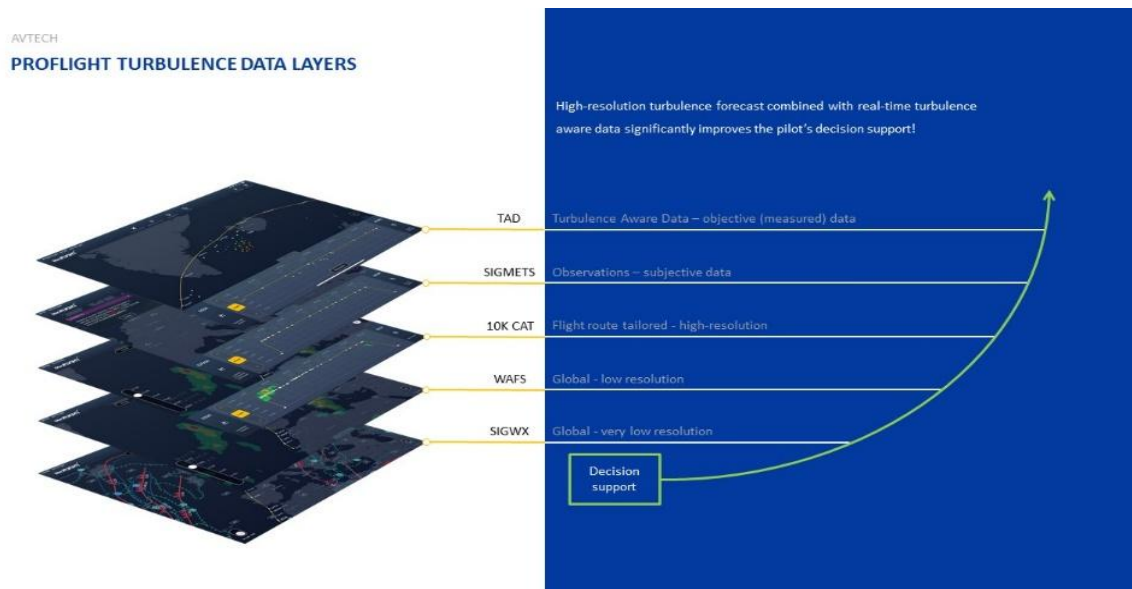
Events after the end of the period

- The trial period with Eurowings, one of the airlines within the Lufthansa Group, continues according to plan and will be completed during the fourth quarter in a final analysis and decision phase. More airlines within the Lufthansa Group will be involved in this performance evaluation. Another European airline is expected to start a longer paid test period, which was previously communicated. This test period is expected to be completed during the second quarter of 2020.
- The continued grounding of 737 MAX has created several time-consuming re-schedules for Southwest Airlines. Because of this, our planned meeting on extended collaboration on more of AVTECH's products will probably only be possible during the first quarter of 2020. This time is good because we also have further experience from using our new services such as proFLIGHT, full-flight optimization and turbulence alerts. These products have generated an interest in testing by Southwest Airlines.
- On September 12, AVTECH conducted an online webinar as a launch of the flight segment's optimization service. This generated a great deal of interest with over 70 people from more than 40 airlines participating.

The entire content of the webinar is available on AVTECH's YouTube channel (link on the website). The content of the webinar provides an informative description of our new optimization product developed in collaboration with Norwegian. The aircraft type Boeing 737, the most flown aircraft model in the world, has a computer on board that is powerful in comparison to other aircraft computers but lacks the features to plan for more than one flight level at a time. In these aircraft, one should be able to obtain a significantly greater benefit than in other aircraft models for utilizing our new optimization solution. For this reason, the first phase of the deployment of our new optimization solution will focus on the airlines operating many B737s in their fleet.

- In Chicago during the last week of September, IATA conducted a seminar on "Turbulence Aware Data", real-time reporting of measured turbulence. More than 70 people from the major airlines in the world attended the seminar. AVTECH was invited to present our ambitions with this project. Bo Redeborn, our Chairman of the Board, presented the results of our recently completed integration of IATA's turbulence data reporting in proFlight.
 - The turbulence information comes from the aircraft's sensors during flights. Only observed turbulence at a given altitude, time and position gives limited information on whether turbulence is best avoided by, for example, climbing or descending. If many aircraft are in the same airspace at about the same time, an excellent tool is created to confirm or correct existing turbulence forecasts. The combination of observations and forecasts gives the overall picture of what the turbulence looks like and how it can be effectively avoided.

Judging from the reactions from the presentation, AVTECH is the first company in the world to be able to have both of these complementary systems coordinated in a user-friendly format. The presentation, from Chicago, of proFLIGHT with a data warehouse that handles IATA turbulence reports can be listened to through a link on our website. The image below shows the different layers of weather information that together provide pilots with critical information to effectively avoid turbulence.



- At the time of writing, proFLIGHT is used by more than 500 pilots from 87 different airlines. The number of users seems to increase faster as proFLIGHT becomes known. Recently the weather information was supplemented with two weather layers:
 - Real-time CB data (thunderstorms)
 - IATA turbulence observations

This information is also available in SIGMA for the aircraft that have used ACARS as a form of communication. In these cases, you get the information in real time during the flight and get an update every time the pilot wishes.

- Before the end of the year, we expect EASA (European Union Aviation Safety Agency) to have approved and verified proFLIGHT. During Q1, the plan is to introduce a paid version of proFLIGHT for pilots who will not have the fee paid by an airline. With proFLIGHT, pilots can get a graphical overall solution containing AVTECH's Aventus Full Flight, cruise optimization and the weather warning system SIGMA. This means that aircraft equipped with WiFi, or satellite communications, can receive real-time information either through this form of communication or via ACARS. We believe that a significantly higher price level will be accepted by our customers than the current one based on the product improvements that have recently been launched.
- An important part of our marketing plan is participation in trade fairs and conferences for the aviation industry. AVTECH together with Met Office plans to participate in:

- **Electronic Flight Bag User Forum**, 5-7nd Nov, Madrid
During this fair, proFLIGHT will be presented by one of our aviators.
- **13th Annual Flight Operations Conference** 3-4 Dec, London
During this fair will be the project manager for the optimization project in the Norwegian presenting the results of the trial period.

Met Office and AVTECH have also decided to increase joint marketing efforts by designing customer-specific mini-seminars. The joint assessment is that the market is gradually beginning to realize the advantages of 10K based weather forecasts, processed in Aventus Full Flight form, can achieve. More customer-specific information meetings are planned to be implemented in the coming six-month period.

- The ambition is to deliver a service for monitoring flight through volcanic ash within a six-month period in order to optimize engine maintenance. The service is considered to be of interest to more airlines. At the moment, Met Office is working on finalizing a first version of the product content.
- The maximum effect of AVTECH's product portfolio will be achieved by the full introduction of Time Based Operations. This requires increased cooperation between airlines, airports and air traffic management. Under current plans, implementation of TBO will take place in the 2020s.
- The discussion with Gatwick regarding Target Time Arrival Manager (TTAM) continues.
- On 1/10 it was announced that David Rytter will succeed the current CEO Christer Fehrling. The Board of Directors believes that the company's financial conditions are good, the product range is promising for the future and that AVTECH needs a knowledgeable and driven leader with growth as the main focus. David Rytter, is currently the technical director of the company and will take up his CEO position no later than 1/1 2020. Christer Fehrling will continue to be a board member and together with the chairman Bo Redeborn work on two strategically important issues for the company - strategic alliances and the concept of TBO (Time Based Operations)

THIRD QUARTER 2019**Net sales**

Group's net sales for the third quarter amounted to MSEK 4.0 (3.1), derived from the main Aventus NowCast™ business area. Depreciation amounted to MSEK -0.9 (-1.1), of which MSEK -0.9 (-1.1) related to depreciation of capitalized expenses for development work, etc. Net profit for the third quarter 2019 amounted to MSEK +0.6 (- 0.2) or SEK 0.01 (0.01) per share.

Cash flow from operating activities was SEK + 0.1 (-0.1) million.

PERIOD JANUARY-SEPTEMBER 2019

The Group's net sales for the nine-month period amounted to MSEK 12.1 (9.2), mainly derived from the Aventus Nowcast™ business area. Depreciation amounted to MSEK 2.6 (3.2), of which 2.6 related to depreciation on capitalized development work, etc.

Net profit for the nine-month period was MSEK +1.1 (-2.0). Net financial items +0.0 (+0.0)

Investments

During the nine-month period, investments in equipment were made with SEK 0.0 (0) million. Expenses for development work of MSEK 2.7 (1.8) have been capitalized.

STAFF

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 market work.

FINANCIAL POSITION**Cash and cash equivalents**

The Group's cash and cash equivalents at the end of the period amounted to SEK 13.3 million (at year-end 15.7), which corresponds to SEK 0.24 (0.30) 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 29.2 (at year-end 28.1) or SEK 0.51 (0.50) per share. The Group's equity ratio was 98 percent at the end of the quarter (96 percent at year-end).

RELATED TRANSACTIONS

Ide Design AB, a company wholly owned by

Christer Fehrling (AVTECH's CEO), invoiced SEK 194,000 for management services during the third quarter.

Costs of SEK 90,000 were charged to AVTECH's income statement in the third quarter regarding work performed by a company Redeborn Consultant AB, a company owned 100% by Bo Redeborn, AVTECH's chairman of the board. The costs related to services mainly within the framework of marketing.

PARENT COMPANY

AVTECH Sweden AB (publ) reported a net profit for the third quarter of SEK + 0.6 (-0.2) million. The parent company's equity at the end of the period amounted to SEK 29.2 million (SEK 28.1 million at year-end). Cash and cash equivalents amounted to SEK 13.3 million (15.7 at year-end). During the period, investments in inventory were made by SEK 0.0 (0.0) million.

SIGNIFICANT RISKS AND UNCERTAINTY FACTORS

Company are through its operations, the Group and the Parent exposed to risks of both operating and financial nature, which the company can partly influence itself. Within the company, a continuous process is underway to identify existing risks and to assess how these should be managed. 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 operations, whereby the risks in this 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 company's New Issue Prospectus 2013, the sections "Risk factors" and "Legal issues and supplementary information". The prospectus is available through AVTECH's website www.avtech.aero.

FUTURE PROSPECTS

The market shows clear signs of a growing interest in efficient IT solutions in the aviation industry. This is interpreted by the Board as positive signals for AVTECH's opportunities 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. The Board of Directors continues to have a positive view of the company's business areas.

FUTURE INFORMATION

Year-end report

2019 2020-02-12

Kista, October 16, 2019 AVTECH Sweden AB (publ), the Board of Directors. This report has not been reviewed by the company's auditors.

For further information, please contact

Christer Fehrling, President and 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. 0 The information was submitted, through the above contact person's provision, for publication on October 16, 2019 at CET 08:30 AM

GROUP INCOME STATEMENT	2019	2018	2019	2018	2018
MSEK	July-Sept	July-Sept	Jan-Sept	Jan -sept	Full year
Net sales	4.0	3.1	11.9	9.1	12.5
Capitalized expenditure for development work, etc.	0.8	0.8	2.8	2.6	3.5
Other operating income	0.0	0.0	0, 0	0.0	0.0
Total revenue for the period	4.8	3.9	14.7	11.7	16.0
External expenses	-2.3	-2.0	-7.6	-7.3	-9.8
Personnel expenses	-1.0	-1.0	-3.4	-3.2	-3.9
Depreciation	-0.9	-1.1	-2.6	-3.2	-4.2
Total operating expenses for the period	-4.2	-4.1	-13.6	-13.7	-17.9
Operating profit for the period	0.6	-0.2	1.1	-2.0	-1.9
Financial net	0.0	-0, 0	0.0	0.0	-0.0
Profit before tax for the period	0.6	-0.2	1.1	-2.0	-1.9
Tax					
PERIOD'S PERFORMANCE	0.6	-0.2	1.1	-2.0	-1.9
CASH CONSOLIDATED FLOW ANALYSIS	2019	2018	2019	2018	2018
MSEK	July-Sept	July-Sept	Jan-Sept	Jan-Sept	Full year
Cash flow before change in working capital (Note 1)	-1.9	-5.0	-2.1	-3.0	-5
Change in working capital	2.0	4.9	0.1	1.0	3.0
Cash flow from operating activities	0.1	-0.1	-2	-2.0	-2.0
Cash flow from investing activities (Note no (1))	0.0	0.0	0.0	0.0	0.0
KEY FIGURES	2019	2018	2019	2018	2018
	July-Sept	July-Sept	Jan-Sept	Jan-Sept	Full Year
Sales per employee, MSEK	2.1	1.3	2.1	1.9	2.6
Average number of shares, thousands	56 480	56 480	56 480	56 480	56 480
Average number of shares, thousands , after dilution (Note 2)	56 480	56 480	56 480	56 480	56 480
Turnover per share, SEK	0.07	0.06	0.20	0.16	0.18
Net earnings per share, SEK before dilution	0.01	0.001	0.09	-0.03	-0.01
Net earnings per share, SEK after dilution	0.01	0.001	0.09	0.03	-0.06
Cash flow (from current operations) per share, SEK (note 2)	0.002	-0.02	-0.02	-0.02	-0.12
Operating margin	Pos.	Neg.	Neg.	Neg.	Neg.

CONSOLIDATED BALANCE SHEET	2019	2018	2018
	Sept 30	Sept 30	Dec 31
MSEK			
ASSETS			
Balanced expenditure for development work, etc. Buildings and land	12.3	9.6	11.3
Inventories, tools and installations (note 3)	0.1	0.1	0.1
Total fixed assets	12.4	9.7	11.4
Other current receivables	4.1	2.8	3.3
Cash and cash equivalents (note 4)	13.3	16.7	15.7
Total current assets	17.4	19.5	19.0
TOTAL ASSETS	29.8	29.2	30.4
EQUITY AND LIABILITIES			
Equity	29.2	28.1	28.1
Non-current liabilities	0.6	1.1	2.3
Current liabilities (Note 4)			
TOTAL CAPITAL AND LIABILITIES	29.8	29.2	30.4
Items within the line			
	-	-	-
Pledged assets (note 5)	-	-	-
Contingent liabilities			
CHANGE IN GROUP EQUITY	2019	2018	2018
MSEK	Sept 30	Sept 30	Dec 31
Equity at the beginning of the period	28.1	30.3	30.0
Profit for the period	1.1	-2.0	-1.9
Translation differences in equity	-	-0.2	-
Equity at end of period	29.2	28.1	28.1
KEY FIGURES	2019	2018	2018
	Sept 30	Sept 30	Dec 31
Equity / equity ratio	98.0%	96.0%	93.0%
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)	56 480	56 480	56 480
Cash and cash equivalents per share, SEK	0.24	0.30	0.28
Equity per share, SEK	0.51	0.50	0.50
Market price at the end of the period , SEK (Note 7)	2.53	2.89	3.15
Share price / equity (note 7)	4.89	3.30	6.40
Market capitalization at end of period, MSEK (note 7)	143.00	163.20	178.00

QUARTERLY DATA MSEK	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Full Year
Sales					
2017	2.2	1.4	2.7	3.1	10.4
2018	2.8	3.3	3.1	3.4	12.6
2019	4.1	4.0	4.0		
Operating profit					
2017	-1.3	-1.1	-0.8	-0.3	-3.5
2018	-0.9	-0.9	-0.2	+0.1	-1.9
2019	+0.1	+0.5	+0.6		
Cash flow from operating activities (Note 2)					
2017	-0.5	-0.1	-1.0	-3.5	-5.1
2018	-0.3	-0.2	-0.1	-0.1	-0.7
2019	-1.0	-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 BFNR 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, ie 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, IT-related hardware (workstations and production center for Aventus NowCast in Orlando, USA).

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, which is why stock market prices do not exist for period ending earlier than this date.

Shareholders of AVTECH Sweden AB (publ)

as of 2019-09-30

Name	AK A	AK B	Holdings	Holdings%	Votes	Votes in%
LINDBERG, LARS	2 126 683	786 521	2 913 204	5.16%	22 053 351	17.57%
OLCON ENGINEERING AKTIEBOLAG	1 411 084	1 125 000	2 536 084	4,49%	15 235 840	12,14%
FEHRLING CHRISTER	884 968	2 295 515	3 180 483	5,63%	11 145 195	8,88%
INSURANCE COMPANY, Avanza Pension	0	8601 751	8 601 751	15.23%	8 601 751	6.85%
BRONGE, JOHAN	644 600	0	644 600	1.14%	6 446 000	5.13%
REDEBORN, BO	450 084	322 598	772 682	1.37%	4 823 438	3.84%
S-BOLAGEN AB	400 000	261 456	661 456	1.17%	4 261 456	3.39%
BÄCKVALL, LARS	270 000	1 238 584	1 508 584	2.67%	3 938 584	3.14%
JOHANSSON, RUNE	250 084	480 301	730 385	1.29%	2 981 141	2.37%
TONSJÖ, MATS	100,000	1 470 625	1 570 625	2.78%	2 470 625	1.97%
Total of the 10 largest shareholders	6 537 503	16 582 351	23 119 854	40.93%	81 957 381	65.28%
Total other	2,099 393	31 260 314	33 359 707	59.98%	52 254 244	35.04%
Total	8 636 896	47 842 665	56 479 561	100.00	134 211 625	10 0.00

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.