



Heliospectra AB (publ)

2017

INTERIM REPORT  
JANUARY – SEPTEMBER

## CEO's COMMENTS

Dear Heliospectra AB (publ) Shareholder,

I am proud to announce record-breaking results for our third quarter achieved through revenue growth and more profitable business. Heliospectra third quarter results reflect strong execution in many business areas, from creating customer-centric, value-based processes to offering the industry's most advanced product portfolio. These gains validate the long-term strategy we put in motion in the beginning of the year.

In Q3, sales reached an all-time high among all quarters with more than 120% growth compared to the same quarter last year. This resulted in year-to-date order intake growth of 52% and a net sales growth of 21% compared to last year, a steady improvement we continued from the first half. Although microeconomic challenges persisted, the execution of our profitability improvement program contributed to a 16% improvement in our bottom-line compared to the year-ago period.

In July, we announced our Control and Automation software, CORTEX, which will launch commercially in Q1 2018. After 3 months it is clear, from both revenue and Net Promoter Score perspectives, that CORTEX is gaining strong traction from food growers who see the value in our control system in improving their production quality and bottom-line results.

To accelerate growers' realization of these benefits, we expanded our world-class team of plant and lighting technology experts and introduced Heliospectra Technical Services. Through this new offering, growers are now provided with a range of consulting services from systems

integration and cultivation training to feasibility studies required for greenfield projects. Heliospectra Technical Services will further delight our customers and extend Heliospectra's competitive lead this fall and well into the future.

I am proud that as a company we are increasingly and relentlessly focused on driving business momentum. We will continue demonstrating strong execution against our long-term strategy while we create new opportunities for future growth. This is the way, we believe, to create sustainable value for our shareholders, our customers, our employees and the world around us.

Ali Ahmadian, CEO  
Heliospectra AB (publ)



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Heliospectra AB (publ)

# SIGNIFICANT EVENTS

## JANUARY–MARCH

- Heliospectra appoints Ali Ahmadian as CEO. Former CEO Staffan Hillberg will continue to be involved as a consultant to Heliospectra.
- Heliospectra makes a presentation in the Cannabis Investor Webcast January 26, 2017.
- Heliospectra is number 42 on Deloitte Global's 2016 Technology Fast 500™ EMEA List of fastest growing companies.
- TCG Retro Market 1 LLC decides to invest in Heliospectra's intelligent LED lighting. In all, products worth SEK 2.5 million (USD 302,000) will be installed by early 2017.
- Heliospectra is selected as a finalist in the third issue of the Sapphire Awards in the Horticulture Lighting category.
- MAK North America will open the first licensed cannabis cultivation for medicinal purposes in the Republic of Macedonia. MAK North has chosen to standardize the new facility using Heliospectra LED lighting to an initial value of SEK 1.27 million (USD 143,034).
- Heliospectra appoints Redeye AB as its new Certified Adviser for Nasdaq OMX First North effective March 1, 2017.
- The University of Sydney's Centre for Carbon, Water and Food decides to invest in Heliospectra's intelligent LED lighting to a value of SEK 823,601 (USD 90,800).
- Canada's Island Garden Inc, a licensed medical cannabis cultivation on Prince Edward Island, decides to invest in Heliospectra's intelligent LED lighting to a value of SEK 1,871,186 (USD 208,368). This is the customer's second purchase following an extensive trial period.

## APRIL – JUNE

- MAK North America places a second order for Heliospectra's LED lighting solutions in an order worth SEK 1.5 million (USD 184,560). The lights will be used in the first licensed medical cannabis growing installation in Macedonia. Delivery is scheduled for the beginning of Q3, and accounts will be reported under Q2 and Q3.
- CORTEX – the market's leading plant lighting control system – is launched by Heliospectra. Heliospectra's new system will provide growers with more control and enable the standardization of crop quality, harvesting cycles and yields.
- Heliospectra books its fifth order from a global Fortune 500 AgTech company. The current order is for the Heliospectra LX60 series, an intelligent LED lamp that is compatible with the company's new Cortex control system. The purchase shows that the AgTech industry is quick to adopt innovative IoT technology. The order, valued at approximately SEK 4.7 million (USD 539,000), is in addition to four previous orders from this customer in 2015 and in 2016.

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### Heliospectra AB (publ)

**JULY – SEPTEMBER**

- Heliospectra announces an order from TruGanic Hybrid Cultivation. The grower has chosen to invest in Heliospectra's lighting solutions to achieve consistent medicinal profiles and the ability to standardize high crop quality. The order is valued at around SEK 790,000 (USD 93,500).
- Heliospectra showcases the company's new CORTEX control system at the Cultivate '17 trade fair July 15–18, 2017 in Columbus, Ohio. Cortex integrates with Heliospectra's intelligent LED lighting and light sensors and offers commercial growers the industry's most advanced control functions for lighting in farming environments.
- Heliospectra announces an order from the John Innes Centre in Norwich in the UK. The order from the John Innes Centre, an independent international research center in plant science, genetics and microbiology, is valued at GBP 92,248 (SEK 1,048,273).
- Heliospectra announces that a new Fortune 500 Global AgTech-customer has selected Heliospectra's intelligent LED lighting solutions. The order, valued at USD 70,000 (SEK 583,333), boosts Heliospectra's already significant increase in its product sales and marketing during 2017.
- Heliospectra announces a new order from a new grower in Portugal. The controlled indoor facility is investing in Heliospectra's lighting solutions to speed up harvesting cycles and increase yields. The order is worth SEK 628,555 (USD 77,500).
- Heliospectra expands the management team, to provide innovative and performance-driven lighting solutions to growers worldwide, with the appointment of Peter Nyberg as Head of Technology and Development. Peter starts at the company on August 15, 2017.
- Heliospectra receives an order from leading Italian tomato producer Gandini Antonio S.S. through their Italian reseller Ageon S.r.l. The growers goal is to invests in advanced LED technology to increase yield and improve plant quality. The order is valued at \$99,000 (805,000 SEK).
- Heliospectra receives a second order from The Grove Nevada, a prominent cultivation facility in Las Vegas, Nevada. The Grove standardized on Heliospectra already in 2015 and have had unprecedented results in accelerating harvest while controlling consistency and medicinal profiles of cannabis crops with Heliospectra. The new order is valued at \$209,960 (SEK 1 749 667).
- Heliospectra announces third order from The Grove Nevada who continues its monumental business growth and standardization on Heliospectra LED Lighting Solutions by expanding their cutting edge commercial cultivation facility. The order is valued at \$224,064 (1,803,109 SEK).

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## FINANCIAL REPORT

KSEK	JANUARY – SEPTEMBER		
	2017	2016	
ORDER INTAKE	28 082	18 458	52%
NET SALES	19 550	16 189	21%
OPERATING LOSS	-25 611	-30 316	16%
LOSS BEFORE TAX	-25 701	-30 409	15%

### SALES AND FINANCIAL PERFORMANCE, JANUARY – SEPTEMBER

Net sales amounted to SEK 19,550 thousand (16,189). The operating loss amounted to SEK -25,611 thousand (-30,316), signifying a negative operating margin. The loss after tax was SEK -25,701 thousand (-30,409), or SEK -0,73 (-1,63) per share.

### CASH FLOW, JANUARY – SEPTEMBER

Operating cash flow was SEK -25,955 thousand (-37,368). Total cash flow was SEK -27,764 thousand (-6,464).

## SIGNIFICANT RISKS AND UNCERTAINTIES

For a comprehensive – but not complete – summary of risks, we refer to Heliospectra's prospectus entitled Invitation to subscribe for shares in November 2016 <http://ir.heliospectra.com/en/market-share/> and the 2016 Annual Report <http://ir.heliospectra.com/en/reports-downloads/>.

## EVENTS AFTER THE PERIOD

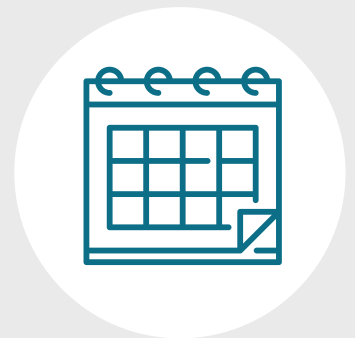
- Heliospectra announces an order from NYSK Holdings. The grower is partnering with Heliospectra to be able to supply patients with consistent, pharmaceutical-grade medicine for chronic diseases year-round. The investment is valued at around \$125,000 (1,016,000 SEK).

## OUTLOOK

The company is beginning to enjoy the fruits of an extensive sales campaign that began with the launch of the LX60 series. Sales efforts will be intensified further. While the board makes no quantified predictions for 2017, its general assessment is that the company is well-positioned for accelerated sales and deliveries.

## FINANCIAL CALENDAR

- YEAR-END REPORT 2017 2/23/2018
- INTERIM REPORT JAN-MAR 4/27/2018
- GENERAL MEETING 6/14/2018
- HALF YEAR REPORT 8/24/2018
- INTERIM REPORT JAN-SEP 10/26/2018



Gothenburg, October 27, 2017

Ali Ahmadian, CEO  
Heliospectra AB



Heliospectra AB (publ)

<b>CONSOLIDATED INCOME STATEMENT</b>	<b>2017</b>	<b>2016</b>	<b>2016</b>
Amounts in SEK thousand	JAN-SEP	JAN-SEP	JAN-DEC
Net Turnover	19 550	16 189	23 053
Other operating income	604	1 219	3 189
	<b>20 154</b>	<b>17 408</b>	<b>26 242</b>
<b>OPERATING EXPENSES</b>			
Commodities	-11 530	-11 340	-15 763
Other external costs	-16 690	-20 367	-30 778
Staffing costs	-14 288	-12 781	-18 147
Depreciations, amortizations and impairments	-3 257	-3 236	-4 338
<b>Operating profit/loss</b>	<b>-25 611</b>	<b>-30 316</b>	<b>-42 784</b>
<b>Operating margin</b>	<b>neg</b>	<b>neg</b>	<b>neg</b>
Total financial items	-90	-93	-2 979
<b>Profit/Loss before tax</b>	<b>-25 701</b>	<b>-30 409</b>	<b>-45 763</b>
Taxes			
<b>Profit/Loss after tax</b>	<b>-25 701</b>	<b>-30 409</b>	<b>-45 763</b>
<b>CONSOLIDATED CASH FLOW STATEMENT</b>	<b>2017</b>	<b>2016</b>	<b>2016</b>
Amounts in SEK thousand	JAN-SEP	JAN-SEP	JAN-DEC
Cash flow before change in working capital	-22 444	-27 173	-41 425
Change in working capital	-3 511	-10 195	2 048
Operating cash flow	-25 955	-37 368	-39 377
Cash flow from investing activities	-1 359	-3 746	-5 121
Cash flow from financing activities	-450	34 650	98 590
<b>Cash flow for the period</b>	<b>-27 764</b>	<b>-6 464</b>	<b>54 092</b>
<b>Cash and cash equivalent at beginning of period</b>	<b>72 940</b>	<b>18 848</b>	<b>18 848</b>
<b>Cash and cash equivalents at end of period</b>	<b>45 176</b>	<b>12 384</b>	<b>72 940</b>
<b>KEY INDICATORS</b>	<b>2017</b>	<b>2016</b>	<b>2016</b>
	JAN-SEP	JAN-SEP	JAN-DEC
Earnings per share after tax, SEK	-0,73	-1,63	-1,30
Operating margin, %	neg	neg	neg
EBITDA, SEK thousands	-22 354	-27 080	-38 446
EBITDA margin, %	neg	neg	neg

### Heliospectra AB (publ)

CONSOLIDATED BALANCE SHEET	2017-09-30	2016-09-30	2016-12-31
Amounts in SEK thousand			
<b>ASSETS</b>			
Intangible assets	15 487	16 367	16 519
Tangible assets	1 170	1 660	1 586
<b>Total fixed assets</b>	<b>16 657</b>	<b>18 027</b>	<b>18 105</b>
Inventories	10 948	9 276	8 178
Current receivables	8 197	10 594	6 000
Cash and cash equivalents	45 176	12 384	72 940
<b>Total current assets</b>	<b>64 321</b>	<b>32 254</b>	<b>87 118</b>
<b>Total assets</b>	<b>80 978</b>	<b>50 281</b>	<b>105 223</b>
<b>EQUITY AND LIABILITIES</b>			
Shareholders' equity	55 773	-2 262	81 474
Non-current liabilities	10 900	11 400	10 900
Current liabilities	14 305	41 143	12 849
<b>Total equity and liabilities</b>	<b>80 978</b>	<b>50 281</b>	<b>105 223</b>
<b>CHANGE IN CONSOLIDATED EQUITY</b>			
Amounts in SEK thousand			
	<b>2017</b>	<b>2016</b>	<b>2016</b>
	JAN-SEP	JAN-SEP	JAN-DEC
Opening equity	81 474	28 147	28 147
Profit/Loss for the period after tax	-25 701	-30 409	-45 763
New share issue			1 649
Other capital contributed			97 441
<b>Closing equity</b>	<b>55 773</b>	<b>-2 262</b>	<b>81 474</b>
<b>KEY INDICATORS</b>			
	<b>2017-09-30</b>	<b>2016-09-30</b>	<b>2016-12-31</b>
Number of shares, thousands	35 112	18 622	35 112
Equity/share, SEK	2	0	2
Equity/assets ratio	69%	-4%	77%
Quick ratio	373%	56%	614%

### Heliospectra AB (publ)



## ACCOUNTING POLICIES AND NOTES

This interim report was prepared in accordance with NASDAQ OMX Stockholm's "Guidelines for preparing interim management statements". The accounting policies remain unchanged compared with those applied in the annual report for 2015 and described in the aforementioned annual report. Unless otherwise specified, all amounts are reported in thousand Swedish kronor (SEK).

## DEFINITIONS

### SALES PER SHARE

Total sales in relation to the number of shares

### OPERATING MARGIN

Operating loss in relation to total sales

### EBITDA MARGIN

EBITDA in relation to total sales

### EQUITY/ASSETS RATIO

Equity in relation to total assets

### EARNINGS PER SHARE AFTER-TAX

Earnings after tax in relation to the number of shares

### EBITDA

Operating profit/loss excl. depreciation and amortisation

### EQUITY/SHARE

Equity in relation to number of shares

### QUICK RATIO

Current receivables plus cash and cash equivalents in relation to current liabilities

## CERTIFIED ADVISER

Redeye AB

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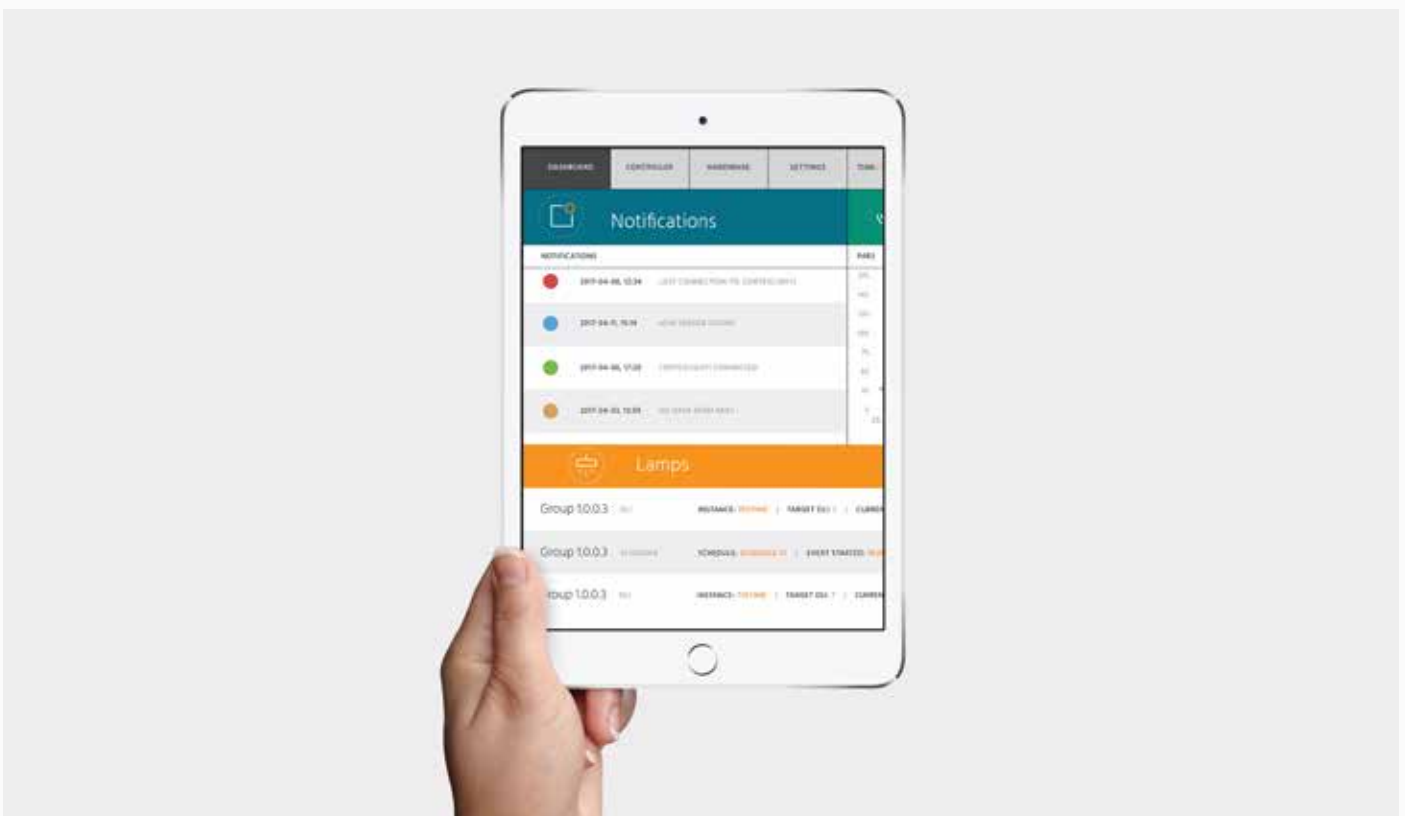
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## HELIOSPECTRA IN BRIEF

Heliospectra (publicly listed on Nasdaq OMX First North) was founded in 2006 and specializes in intelligent lighting technology for plant research and greenhouse cultivation. Heliospectra's products are based on a profound understanding of plant physiology and photosynthesis, coupled with a unique way of putting modern LED technology to good use. After six years of development in Sweden, the company has now begun to expand on the international market. The company has raised approximately USD 33 million in equity and has received more than USD 2.6 million in academic grants. Heliospectra has also received numerous awards for its advanced, pioneering technology. For further information, we refer to Heliospectra's prospectus entitled Invitation to subscribe for shares in November 2016, <http://ir.heliospectra.com/en/market-share/> and the 2016 Annual Report, <http://ir.heliospectra.com/en/reports-downloads/>.



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**This report has not been reviewed by the company's auditors.**

For further information, please contact

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