



Heliospectra AB (publ)

2020

Interim Report Jan-Sep

CEO COMMENT

The global pandemic continues to impact the world on both a social and economic level. While our customers were reluctant to invest in CAPEX during these unsettling times, we have been working since spring to reshape and right-size our organization.

We are taking significant strategic steps to ensure we are in control and moving the business forward. Firstly, we have secured a rights issuance to facilitate next generation technology development and market penetration. Secondly, we are narrowing our focus on key markets. And thirdly, we are back on the road and selling at full force. Overall, today we are in a much healthier position, bolstered by an increase in interest from prospective customers.

The rights issuance will secure the Company SEK 50.6 million before issue costs. Issue proceeds are intended to be invested as follows:

- ~40% to be used for the development of helioCORE™, bio-sensors and existing products. We are advancing the next generation of technology to harness light and crop control for sustainable digital farming.
- ~35% to drive our strategic expansion throughout Europe. After establishing a footprint in the US and Canada, it is now time for us to actively explore the EU market. Our goal is to have at least 30% of our revenues come from European customers within 3 years' time. In order to do so we need to select the best network of channel partners, place staff and create the right offer accordingly.
- ~25% to be used to reinforce the Company's financial position.

While to some extent the purpose of the rights issuance is to remedy the effects of Covid-19 on the business, its main objective is to give us the means for rapid growth over the coming years. Research and Markets forecasts a healthy compound annual growth rate of 20.2% by 2027 for the global horticulture lighting market. Heliospectra expects to share in that growth. So, despite the challenges presented by the pandemic, we look forward to harvesting rewards from the innovations we have been pioneering over the past 14 years.

As we expand into strategic markets, we are also continuously evaluating our existing ones. While we have a strong footprint in the North American cannabis market, we are recalibrating our presence across the vegetable sector to allow us to better focus on those with the highest potential.

The pandemic continues to significantly disrupt the global economy, and thus our sales results have been impacted similar to prior periods. However, due to our strong marketing and sales efforts in Q2, our pipelines continue to fill with strong leads which we are aggressively working to further cultivate. Importantly, the sales team is back on the road and meeting with potential clients and current customers – in a safe and responsible manner.

We are also actively managing ongoing projects such as Nectar Farms. Backed up by strong investors, the project is moving ahead but awaiting a construction date dependent upon lockdowns in Victoria. Until then, we are in constant communication with their team to ensure we provide any support needed.

In conclusion, we are proud of the groundwork we have laid over the last 9 months, which has positioned us to finish the year strong. With the additional funding and an energetic focus on executing our strategy, we will continue to strengthen our organization, our networks and our product offerings to advance our business.

Ali Ahmadian,
President & CEO



FINANCIAL REPORT

AMOUNTS IN SEK THOUSAND (KSEK)	JAN – SEP		JUL - SEP	
	2020	2019	2020	2019
Order intake	10,916	22,514	6,735	4,402
Net sales	27,338	22,746	7,464	6,002
Operating result	-30,759	-33,043	-8,518	-12,202
Result before tax	-30,747	-33,164	-8,557	-12,219

SALES AND FINANCIAL PERFORMANCE, JANUARY – SEPTEMBER

Net sales amounted to KSEK 27,338 (22,746) which means an increase of 20% compared to last year. Of the period's sales, the MITRA product group made up 44%. The operating loss amounted to KSEK -30,757 (-33,043) KSEK, signifying a negative operating margin (neg). The loss after tax was KSEK -30,747 (-33,164).

CASH FLOW, JANUARY – SEPTEMBER

Operating cash flow was KSEK -35,442 (5,594). Total cash flow was KSEK -35,743 (2,698). Previous year includes a Rights Issue amounting to KSEK 49,280.

SIGNIFICANT EVENTS DURING THE PERIOD

JANUARY-SEPTEMBER

- The company announces a new order from Turner Construction in Miami, Florida, United States for the fully controllable ELIXIA LED light solution for green house installation project. Order value is USD\$ 228,000.
- The company announces a new order from Turner Construction in Miami, Florida, United States. The order value is USD \$270,000.
- The lighting solution orders from Turner Construction cancelled due to fraudulent activities
- The company announces a new order from Marcella Property Group, LLC in Dewey, Oklahoma, United States. The order value is USD \$120,000.
- The company receives second order from Marcella Property Group, LLC in Dewey, Oklahoma, United States. The order value is USD \$87,920.
- The company announces a new order from BBL Construction of L'Ange-Gardien, Québec, Canada. The order value is USD \$302,452.
- The company announces its' intentions to carry out a fully guaranteed rights issue of units and precedes the interim report for the third quarter of 2020 to October 27.
- The company is convening an extraordinary general meeting on Tuesday, October 27, 2020.
- The company announces a new order from Origin Coast Inc., in Cape Breton, Nova Scotia, Canada. The order value is USD \$132,278.

SIGNIFICANT EVENTS AFTER THE END OF THE PERIOD

- The company announces a new order from a national energy efficiency firm focused on innovation and sustainability based in Marlborough, Massachusetts, USA, on behalf of a Massachusetts commercial cannabis grower. The order value is \$238,500 USD.

SIGNIFICANT RISKS AND UNCERTAINTIES

For a comprehensive – but not complete – summary of risks, we refer to Heliospectra's 2019 Annual Report <https://www.heliospectra.com/investor-relations/reports-documents>.

FINANCIAL CALENDAR

Year End Report	02/19/2021
Annual Report 2020	04/16/2021
Interim Report Jan-March	04/23/2021
Annual General Meeting	05/20/2021



Gothenburg 27th of October 2020,
//The Board



CONSOLIDATED INCOME STATEMENT	2020	2019	2020	2019
Amounts in SEK thousand (KSEK)	JAN – SEP	JAN – SEP	JUL – SEP	JUL – SEP
Net Sales	27,338	22,746	7,464	6,002
Other operating income	841	1,160	769	1,009
	28,179	23,906	8,233	7,011
OPERATING EXPENSES				
Cost of goods sold	-16,728	-12,936	-5,088	-3,865
Other external expenses	-14,868	-16,697	-4,318	-4,815
Personnel expenses	-23,251	-24,322	-6,048	-9,629
Depreciations, amortizations and impairments	-3,211	-2,876	-1,057	-970
Other operating expenses	-881	-118	-241	67
Operating profit/loss	-30,759	-33,043	-8,518	-12,201
Total financial items	12	-121	-39	-18
Profit/Loss before tax	-30,747	-33,164	-8,557	-12,219
Taxes	0	0	0	0
Profit/Loss after tax	-30,747	-33,164	-8,557	-12,219

CONSOLIDATED CASH FLOW STATEMENT	2020	2019
Amounts in SEK thousand (KSEK)	JAN – SEP	JAN – SEP
Profit/Loss after financial items	-30,747	-33,164
Adjustments for items not included in the cash flow	3,054	2,999
Rights emission	0	49,280
Change in working capital	-7,748	-13,521
Operating cash flow	-35,442	5,594
Cash flow from investing activities	-381	-2,446
Cash flow from financing activities	80	-450
Cash flow for the period	-35,743	2,698
Cash and cash equivalent at beginning of period	54,243	11,165
Cash and cash equivalents at end of period	18,500	13,863

KEY RATIOS	2020	2019	2020	2019
	JAN – SEP	JAN – SEP	JUL – SEP	JUL – SEP
Weighted average number of shares				
Before dilution	56,178,520	42,914,148	56,178,520	46,815,434
After dilution	57,209,167	44,822,060	57,178,520	48,723,346
Earnings per share basic	-0.55	-0.77	-0.55	-0.26
Earnings per share fully diluted	-0.54	-0.74	-0.15	-0.25
Revenue per share basic	0.49	0.53	0.13	0.13
Revenue per share diluted	0.48	0.51	0.13	0.12
Operating margin %	neg.	neg.	neg.	neg.
EBITDA, KSEK	-27,549	-30,167	-7,462	-11,231
EBITDA, margin, %	neg.	neg.	neg.	neg.

CHANGE IN CONSOLIDATED EQUITY	2020	2019
Amounts in SEK thousand (KSEK)	JAN – SEP	JAN – SEP
Opening equity	60,687	15,207
Profit/Loss for the period after tax	-30,747	-33,164
Rights emission	0	49,280
Exchange rate differences	-145	123
Closing equity	29,795	31,446

CONSOLIDATED BALANCE SHEET	2020-09-30	2019-12-31
Amounts in SEK thousand (KSEK)		
ASSETS		
Intangible assets	12,090	14,548
Tangible assets	1,753	2,125
Total fixed assets	13,843	16,673
Inventories	17,091	15,931
Current receivables	10,181	7,150
Cash and cash equivalents	18,500	54,243
Total current assets	45,771	77,324
Total assets	59,615	93,997
EQUITY AND LIABILITIES		
Equity	29,795	60,687
Non-current liabilities	9,268	9,200
Current liabilities	20,552	24,110
Total equity and liabilities	59,615	93,997

KEY INDICATORS	2020-09-30	2019-12-31
Number of shares, thousands	56,178,520	56,178,520
Equity per share, SEK	0.53	1.08
Equity/assets ratio	50%	65%
Quick ratio	140%	255%

ACCOUNTING POLICIES AND NOTES

This interim report has been prepared in accordance with the Swedish Annual Accounts Act and the Swedish Accounting Standards Board's general guidelines BFNAR 2012:1 Annual Accounts and Consolidated Accounts (K3). The accounting policies are unchanged from the 2019 annual report and remain as described in said report. All amounts are reported in SEK thousands unless otherwise indicated. This interim report has not been audited.

DEFINITIONS

SALES PER SHARE

Net sales in relation to the number of shares

OPERATING MARGIN

Operating loss in relation to net sales

EBITDA MARGIN

EBITDA in relation to net 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

THE SHARE

The shares are issued in accordance with Swedish law and are denominated in Swedish kronor. There is only one class of shares. Shares are made out to the holder and the share register is maintained digitally by Euroclear Sweden. Heliospectra's share capital on the 30th of June 2020 totals SEK 5 617 852 split between 56 178 520 shares, each with a quota value of SEK 0.10. Average amount of shares before dilution amounted to 56 178 520 shares. Average amount of shares after dilution amounted to 57 178 520 shares.

Heliospectra's shares and warrants are traded on First North as of June 18, 2014.

The share's First North ticker symbol is HELIO

The share's ISIN code is SE0005933082

Heliospectra may also be traded via a so-called ADR in the United States on the OTC Markets through BNYMellon.

The ADR ticker symbol on the OTC Markets OTCQB is HLSPY

CUSIP code for ADR: 423281104



LIST OF OWNERS

PER 2020-09-30

STOCK OWNER	NR OF STOCK	PERCENTAGE
WELAND VÄRDEPAPPER AB	12 614 296	22,5%
WELAND STÅL AB	10 470 935	18,6%
ADMA FÖRVALTNINGS AB	8 000 000	14,2%
MIDROC NEW TECHNOLOGY AB	6 436 608	11,5%
FÖRSÄKRINGSAKTIEBOLAGET, AVANZA PENSION	1 760 186	3,1%
THE BANK OF NEW YORK MELLON, CORPORATION W9	1 253 984	2,2%
MAGOWNY INVEST AB	545 102	1,0%
PIBA AB	386 000	0,7%
SPP SVERIGE PLUS	337 386	0,6%
NORDNET PENSIONS FÖRSÄKRING AB	307 080	0,6%
Other owners	14 066 943	25%
TOTAL	56 178 520	100,0%

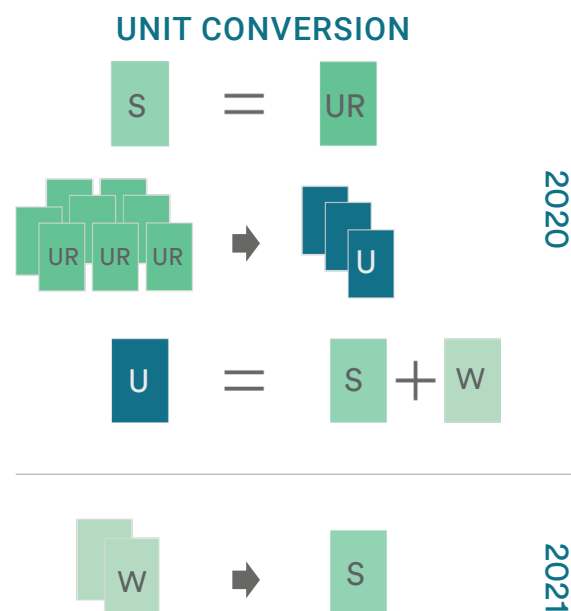
2020 RIGHTS ISSUANCE

The Company's Board of Directors announced on September 25, 2020, a fully guaranteed Right Issuance of shares and warrants ("Units"), with preferential rights for existing shareholders (the "Rights Issue"). Upon full subscription, the Rights Issue will provide Heliospectra with approximately SEK 50.6 million before issue costs. In the case that all attached warrants are exercised, an additional SEK 32.7 million will be added to the Company before costs.

Shareholders in the company receive one (1) unit right for each (1) share held on the record date. Eight (8) unit rights give the right to subscribe for three (3) Units in the company. Each Unit contains one (1) newly issued share and one (1) free warrant of series 2020/21. Two (2) warrants are exercised against one (1) share during the period from 1 November 2021 to 30 November 2021 at a subscription price of SEK 3.1. The rights issue consists of a maximum of 21,066,945 units.

The subscription period run from 5 November 2020 to 19 November 2020. Trading in unit rights takes place between 5 November 2020 and 17 November 2020.

After the Rights Issue, the share capital will increase by a maximum of SEK 2,106,694.5, from SEK 5,617,852 to 7,724,546.5 SEK.



STOCK WARRANT FOR SENIOR EXECUTIVES

At the Extraordinary General Meeting on March 12, 2019, a warrant program was decided for senior executives and key personnel. This includes 1,000,000 options where each option entitles the holder to subscribe for one new share at a subscription price of SEK 6.13 per share during the period March 1, 2021 through April 30, 2021. Based on this, the dilution is estimated to be about 2%.

HELIOSPECTRA IN SHORT

Heliospectra AB (publ) (OTCQB: HLS, First North Growth Markets: HELIO) is the global leader in intelligent lighting technology, light control systems and related services for greenhouse and controlled plant growth environments. With the vision to make commercial crop production more connected and resource-efficient, Heliospectra integrates customized LED spectral strategies with real-time response and artificial intelligence to create predictable and reliable business forecasts and harvest results. Founded in 2006, Heliospectra is committed to

helping growers and commercial producers across six continents consistently increase yields and produce crops with quality appearance, superior nutritional or medicinal value and longer shelf life, harvest after harvest.

For more information, we refer to Heliospectra's 2019 Annual Report <https://www.heliospectra.com/investor-relations/reports-documents> and the heliospectra website www.heliospectra.com.



FOR MORE INFORMATION, PLEASE CONTACT:

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THIS REPORT HAS NOT BEEN REVIEWED BY THE COMPANY'S AUDITORS.



heliospectra