



Heliospectra AB (publ)

2019

YEAR END REPORT

## CEO COMMENT



The first three quarters of 2019 were dedicated to rebuilding Heliospectra's product portfolio, which came with anticipated challenges. But the re-build also brought tremendous opportunities. With the support of our shareholders and the dedication of our team, we emerged from Q4 in a growth trajectory, with strong global momentum for 2020 and the future.

We were aware that our product portfolio re-build would come with short-term risks to our order intake and sales. We did this with the full support of the board, in order to prioritize our long-term market position and leadership. In 2019 we experienced a 44% drop in sales revenue, from SEK 45,4 million in 2018 to SEK 25,5 million in 2019, as we re-evaluated our goals, changed our strategy and positioned ourselves better in the industry for the future. We were almost immediately rewarded for our efforts, when we introduced our new product line MITRA in June and received two large orders totalling SEK 84 million, which are expected to be delivered in 2020.

One of our most notable successes was a sizable MITRA order from Nectar Farms in Victoria, Australia. We had been working closely with Nectar for three years, and their ambition had always been to find a partner, not a supplier for their glass-

house projects growing tomatoes. Their values of sustainable farming and clean renewable energy match our own, and we are very happy they chose to work with us. We are a company that has been driving green technology and solutions for resource-efficient food production, and this project goes a step further by using clean electricity based on wind power. Nectar Farms' order value is SEK 72 million, which includes a down payment of 50 percent. While the down payment was expected in Q4 2019, it will be deferred to 2020 due to a financing delay. This does not interfere with the project going forward but simply delays it for a few months.

We will continue to develop our control and automation platform, helioCORE. As growers automate and connect growing environments, HelioCORE ensures they achieve consistent, high-quality crops 365 days a year. We are seeing a lot of interest in this product from customers, and we are making it more stable and user-friendly, while continuing our strategy of integrating it, as much as possible, with all the other control and automation platforms in the industry. The future is here, we have fantastic solutions, and our mandate is to gain market share this year.

Over the past two years, we had a good grip on costs, doing more with less, and now what is needed is to make our solutions available to a larger audience. Going forward, our focus will be on our frontline sales and marketing. Establishing ourselves in Canada and putting a strong team in place in North America will help us grow further. Many innovative projects, both in food and in medical cannabis, are happening in North America, so establishing a solid presence in this market has been a valuable investment of our time and effort. We want to do our products justice.

Thank you for all your steadfast support. 2020 represents a year of tremendous opportunity and global momentum. We are relentlessly focused on delivering business value and profitability to our customers around the world as well as to you, our shareholders. As always, I thank you for your unwavering commitment to the Heliospectra vision: to make sustainable food production available to an increasingly urbanized population.

## SIGNIFICANT EVENTS

### JANUARY – MARCH

- Heliospectra's helioCORE™ light control system recognized by the American Society of Agricultural and Biological Engineers with a 2019 AE50 Award.
- Heliospectra's technical services portfolio re-branded under helioCARE™.
- Leading European Research Facility Invest in Heliospectra's LED Lighting Solutions. The research company is expanding its greenhouse production and has placed an order for Heliospectra's fully adjustable ELIXIA LED lighting solution. The order value is SEK 2,0 million (€ 189,000).
- Heliospectra AB's Year End Report was published 22 Februari 2019.
- Heliospectra carries out rights issue and obtain bridge financing. the Company's Board of Directors proposes a new share issue of approximately SEK 52.7 million with preferential rights for existing shareholders. The terms of the rights issue are that 3 existing shares entitle the shareholder to subscribe for 1 new share at the price of 4.5 SEK. The rights issue is 100 percent underwritten through subscription and guarantee commitments by the Company's largest shareholders, the Weland Group and Midroc.
- Notice to attend the extra ordinary general meeting of Heliospectra AB was published 22 Februari.
- Extra ordinary meeting was held March 12 2019 at Hotel Riverton on Stora Badhusgatan 26, 411 21 in Gothenburg. The decision was taken to conduct a right issue and introduce a new incentives program for stock warrants to senior executives and key personnel
- Hans Naess appointed new CFO of Heliospectra AB. Hans has acted as interim CFO since September 24, 2018. He began the role as CFO on March 1st, 2019.
- Publication of Heliospectra AB's prospectus in regards to the right issue was made on February 22, 2019.
- Heliospectra AB expands North America markets with formation of Heliospectra Canada, Inc in Toronto, Canada. The Company also continues to scale Heliospectra's executive leadership, sales and technical services

teams with business units dedicated to commercial food producers and licensed commercial cannabis operations in both the United States and Canada.

- Ljussgård AB continues expansion with investment in Heliospectra's innovative LED lighting solutions with additional orders of Heliospectra's fully adjustable ELIXIA LED lighting solutions. The order value is SEK 5.7 million (USD \$ 611,450).

### APRIL – JUNE

- Heliospectra AB publishes outcomes in the rights issue. The subscription period for the rights issue in Heliospectra AB (publ) was completed on April 3, 2019, and the consolidation shows that the issue was subscribed to just over 76 percent. Subscription with the support of subscription rights corresponded to approximately 72 percent and subscription without the support of subscription rights corresponded to approximately 4 percent of the offered shares. The remaining shares, corresponding to approximately 24 per cent of the issue, are allotted to the underwriters who, in agreement with the Company, have undertaken to subscribe for shares in the issue in relation to the commitments made. The rights issue brings the Company approximately SEK 52.7 million before issue costs.
- Heliospectra published complementary prospectus regarding Heliospectra's rights issue. The complementary prospectus was approved and registered by Swedish Financial Supervisory Authority on March 19, 2019.
- Heliospectra AB sponsors the upcoming MJBizDaily Cannabis Symposium in Copenhagen, Denmark.
- Heliospectra's incentive program transfer stock warrants to senior executives and key personnel.
- Heliospectra introduces MITRA - a revolutionary modular LED lighting solution with customizable configurations. The simple, streamlined MITRA design boasts high-intensity light output and electrical efficacy of up to 2.9  $\mu\text{mol}/\text{J}$ , and are designed for high light crops, including cannabis and vine crops. MITRA goes into production in October.

- Macedonian company SOG DOO looks to automate the light environment with Heliospectra's solutions, and have decided to invest in Heliospectra's fully adjustable ELIXIA LED lighting solution and helioCORE™ light control system. SOG DOO has also purchased a helioCARE™ Technical Services support package to benefit from Heliospectra's installation and cultivation expertise. The order value is SEK 2.8 million (€ 260,000).
- The CEO of Heliospectra, Ali Ahmadian, holds a presentation regarding the theme "Vertical Farming 2.0: How light influences the future of food" at the AVFs forum for indoor growing during the Urban Future Global Conference in Oslo May 22-24.
- Notice to Attend the Annual General Meeting of Heliospectra AB was sent May 27.
- Heliospectra expands intelligent LED lighting solutions to include ELIXIA 600W high-voltage adjustable spectrum light for greenhouse and indoor horticulture applications. The high input voltage ELIXIA fixture is suitable for larger facilities using industrial scale electrification for cultivation and crop production.
- Heliospectra annual meeting was held on W June 27, 2019.

## JULY – SEPTEMBER

- Västra Hamnen Corporate Finance commence surveillance of Heliospectra AB.
- Heliospectra continues global expansion by establishing new subsidiary company Heliospectra Japan Co., Ltd. and the opening of a new office in Tokyo, Japan, from July. Heliospectra has appointed Yasuhiro Suzuki as General Manager.
- Heliospectra announces a new order from John Innes Centre in the UK for the fully controllable ELIXIA LED light solution. Order value is SEK 2,4 million (£ 200 000).

## OCTOBER – DECEMBER

- Heliospectra announces new order from Eco Canadian Organic Inc. for LED spectrum control for high-quality production of cannabis. Order value is SEK 2 million (CAD\$ 277,000).
- Heliospectra to partner with Nectar Farms on MITRA LED-lighting solutions for large scale glasshouse installation in Australia. Order value SEK 72 million.
- Heliospectra AB (publ) Interim report January-September 2019.
- Bridge Farm Group selects Heliospectra MITRA LED Lighting for United Kingdom Greenhouse and Cultivation of Fresh Herbs and Plants. Order value SEK 12 million (£ 960.000).
- Publication of prospectus regarding Heliospectras rights issue.
- The company carried out a rights emission for SEK 51,5 million with precedence for existing shareholders.
- Heliospectra AB (publ) announces the results of the rights issue.
- Information from Heliospectra AB (publ), Gothenburg.
- Davis Electric Purchases Heliospectra ELIXIA Adjustable Spectrum LED Grow Lights and helioCORE™ Light Control for University Research Greenhouse in the United States. Order value is SEK 3 million (USD\$ 315,000).
- Last day for trading with BTA in Heliospectra AB (publ)
- Rothamsted Research Selects Heliospectra LED Lighting Solutions for Retrofit of Controlled Environment Plant Growth Chambers. The order value is SEK 1.9 million (£ 160 000).

## FINANCIAL REPORT

AMOUNTS IN SEK THOUSAND (KSEK)	OCT – DEC		JAN – DEC	
	2019	2018	2019	2018
Order intake	97 334	9 784	119 848	47 806
Net sales	2 784	11 083	25 530	45 370
Operating results	-18 502	-12 020	-51 545	-33 251
Result before tax	-18 514	-12 030	-51 677	-33 303

Orders during the period of October-December amounted to KSEK 97 334. In this amount the earlier communicated orders from Nectar Farms, 72 million SEK, and from Bridge Farm Group, 12 million SEK regarding the company's new product range MITRA, are included.

### SALES AND FINANCIAL PERFORMANCE, OCTOBER – DECEMBER

Net sales amounted to KSEK 2 784 (11 083). The operating loss amounted to KSEK -18 502 (-12 020) KSEK, signifying a negative operating margin (neg). The loss after tax was KSEK -18 514 (-12 030).

### SALES AND FINANCIAL PERFORMANCE, JANUARY– DECEMBER

Net sales amounted to KSEK 25 530 (45 370). The operating loss amounted to KSEK -51 545 (-33 251) KSEK, signifying a negative operating margin (neg). The loss after tax was KSEK -51 677 (-33 303).

### CASH FLOW, JANUARY – DECEMBER

Operating cash flow was KSEK 47 559 (-25 588). Total cash flow was KSEK 43 078 (-29 468).

## SIGNIFICANT RISKS AND UNCERTAINTIES

For a comprehensive – but not complete – summary of risks, we refer to Heliospectra's 2018 Annual Report <http://ir.heliospectra.com/reports-files/>.

## FINANCIAL CALENDAR



Annual Report 2019	4/14/2020
Interim Report	4/24/2020
Annual General Meeting	5/14/2020
Half Year Report January – June 2020	8/21/2020

Gothenburg February 21 2020,  
/The Board

<b>CONSOLIDATED INCOME STATEMENT</b>	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Amounts in SEK thousand (KSEK)	JAN – DEC	JAN – DEC	OCT – DEC	OCT – DEC
Net Sales	25 530	45 370	2 784	11 083
Other operating income	1 309	615	150	25
	<b>26 839</b>	<b>45 985</b>	<b>2 934</b>	<b>11 108</b>
<b>OPERATING EXPENSES</b>				
Cost of goods sold	-14 554	-30 057	-1 619	-7 598
Other external expenses	-25 627	-22 480	-8 931	-7 217
Personnel expenses	-33 873	-23 854	-9 552	-7 595
Depreciations, amortizations and impairments	-3 833	-2 725	-956	-735
Other operating expenses	-497	-120	-378	17
<b>Operating profit/loss</b>	<b>-51 545</b>	<b>-33 251</b>	<b>-18 502</b>	<b>-12 020</b>
<b>Operating margin</b>				
Total financial items	-132	-52	-11	-10
<b>Profit/Loss before tax</b>	<b>-51 677</b>	<b>-33 303</b>	<b>-18 514</b>	<b>-12 030</b>
Taxes	0	0	0	0
<b>Profit/Loss after tax</b>	<b>-51 677</b>	<b>-33 303</b>	<b>-18 514</b>	<b>-12 030</b>

<b>CONSOLIDATED CASH FLOW STATEMENT</b>	<b>2019</b>	<b>2018</b>
Amounts in SEK thousand (KSEK)	JAN – DEC	JAN – DEC
Profit/Loss after financial items	-51 677	-33 303
Adjustments for items not included in the cash flow, impairment, depreciation and amortization, assets	3 901	2 944
Rights issue	97 089	0
Change in working capital	-1 754	4 771
<b>Operating cash flow</b>	<b>47 559</b>	<b>-25 588</b>
Cash flow from investing activities	-3 881	-3 280
Cash flow from financing activities	-600	-600
<b>Cash flow for the period</b>	<b>43 078</b>	<b>-29 468</b>
<b>Cash and cash equivalent at beginning of period</b>	<b>11 165</b>	<b>40 633</b>
<b>Cash and cash equivalents at end of period</b>	<b>54 243</b>	<b>11 165</b>

<b>KEY RATIOS</b>	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	JAN – DEC	JAN – DEC	OCT – DEC	OCT – DEC
Weighted average number of shares				
Before dilution	42 914 148	35 111 576	46 815 434	35 111 576
After dilution	44 350 953	35 881 714	48 585 572	35 881 714
Earnings per share basic	-1,20	-0,95	-0,40	-0,34
Earnings per share fully diluted	-1,17	-0,93	-0,38	-0,34
Operating margin	neg	neg	neg	neg
EBITDA, KSEK	-47 712	-30 526	-17 546	-11 285
EBITDA, margin, %	neg	neg	neg	neg

<b>CONSOLIDATED BALANCE SHEET</b>	<b>2019-12-31</b>	<b>2018-12-31</b>
Amounts in SEK thousand (KSEK)		
<b>ASSETS</b>		
Intangible assets	14 548	15 316
Tangible assets	2 125	1 309
<b>Total fixed assets</b>	<b>16 673</b>	<b>16 625</b>
Inventories	15 931	5 499
Current receivables	7 150	6 869
Cash and cash equivalents	54 243	11 165
<b>Total current assets</b>	<b>77 325</b>	<b>23 533</b>
<b>Total assets</b>	<b>93 997</b>	<b>40 158</b>
<b>EQUITY AND LIABILITIES</b>		
Equity	60 687	15 207
Non-current liabilities	9 200	9 800
Current liabilities	24 110	15 151
<b>Total equity and liabilities</b>	<b>93 997</b>	<b>40 158</b>
<b>CHANGE IN CONSOLIDATED EQUITY</b>	<b>2019</b>	<b>2018</b>
Amounts in SEK thousand (KSEK)		
	JAN – DEC	JAN – DEC
Opening equity	15 207	48 303
Profit/Loss for the period after tax	-51 677	-33 303
Right Issue	97 089	0
Effect of correction of errors	0	207
Exchange rate differences	68	0
<b>Closing equity</b>	<b>60 687</b>	<b>15 207</b>
<b>KEY INDICATORS</b>	<b>2019-12-31</b>	<b>2018-12-31</b>
Number of shares, thousands	46 815	35 112
Equity per share, SEK	1,30	0,43
Equity/assets ratio	65%	38%
Quick ratio	255%	119%

## PROPOSED APPROPRIATION OF RETAINED EARNINGS

The board and CEO propose that non-restricted equity.

Profit brought forward	4 334
Rights issue	94 982
Net result of the year	-52 447
<b>Total</b>	<b>46 869</b>

### To be appropriated as follows

Carried forward	46 869
<b>Total</b>	<b>46 869</b>

## 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 2018 annual report and remain as described in said report. All amounts are reported in SEK thousands unless otherwise indicated.

## 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 31th of December 2019 totals SEK 4,681,543 split between 46,815,434 shares, each with a quota value of SEK 0.10. Average amount of shares before dilution amounted to 42 914 148 shares. Average amount of shares after dilution amounted to 44 350 953 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 2019-12-31

STOCK OWNER	NR OF STOCK	PERCENTAGE
Weland Värdepapper AB	10 511 914	22,45%
Weland Stål AB	7 734 408	16,52%
ADMA Förvaltnings AB	5 810 000	12,41%
Midroc New Technology AB	5 363 840	11,46%
Försäkringsaktiebolaget, Avanza Pension	1 803 248	3,85%
Bank of New York Mellon	1 330 325	2,84%
Magowny Invest AB	454 252	0,97%
Piba AB	386 000	0,82%
Nordnet Pensionsförsäkring AB	304 651	0,65%
Chrilotte AB	260 800	0,56%
Övriga ägare	12 855 996	27,46%
<b>TOTAL</b>	<b>46 815 434</b>	<b>100,0%</b>

Total number of stock owners are approximately 5837

## 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: 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 com-

mercial 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. Heliospectra is the recipient of multiple international awards and recognitions. For more information, we refer to Heliospectra's 2018 Annual Report <https://www.heliospectra.com/investor-relations/reports-presentations/> and the heliospectra website [www.heliospectra.com](http://www.heliospectra.com).



### Heliospectra AB (publ)



**FOR MORE INFORMATION, PLEASE CONTACT:**

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



**heliospectra**

