



Heliospectra AB (publ)

**2018**

**INTERIM REPORT**

January – September

## CEO's COMMENTS

Dear Heliospectra AB (publ) Shareholder,

The Heliospectra team's accomplishments in the last several quarters demonstrate our ability to achieve projected growth metrics while we execute in parallel on strategic objectives. Including major product releases and technical collaborations.

During the first nine months of 2018, our global team delivered sales growth in all markets and deployed new revenue streams with the subscription-based helioCORE™ product. Our Technical Services are meeting with strong early market traction. Customers share with me their appreciation of the crop and lighting expertise we supply when helping them make informed lighting decisions and in ensuring that they achieve optimal results with their Heliospectra systems.

We further accelerated the value-driven innovation for which we are globally recognized by extending our newest product, the SIERA lightbar series, into an integrated vertical farming solution. With this initiative, we are proactively responding to demand generated from urbanization and population growth as well as policies driving economic diversification and resource conservation. We're pleased that this vertical farming system, the result of our first collaboration with ABB, will achieve outstanding measurable results for our customers. For example, the integrated system reduces water consumption by 98% vs. conventional methods. Additionally, it significantly reduces the capital expenditure associated with historical vertical farming models. Eliminating a previous economic barrier to this resource-efficient farming method.

Together with ABB, we conducted a series of technical and commercial workshops to explore opportunities to develop our technology platform. Our focus is on solving key customer challenges, and power grid limitations are one such example. By partnering with ABB to provide electrification solutions, we can deliver a fully integrated system design and installation to our customers operating in the commercial greenhouse, indoor growing, and vertical farming segments. This exciting development expands the uniqueness of the Heliospectra value proposition in the horticulture industry.

In this milestone quarter, we also welcomed aboard two highly experienced executive team members, Hanna Rüdell and Thorbjörn Leu. Thorbjörn is responsible for growing global sales and top-line revenue; Hanna's

complementary role is focused on shaping an internal organization for Heliospectra Technical Services and strengthening the overall service offering for our global customers. These vital additions to our management team reflect and support our Company's continued growth.

We achieved record-breaking year-over-year sales growth of 75% and continued to grow our order intake by 35%. As our company develops, we consciously work with and attract larger customers. This requires us to be equipped with suppliers that can deliver higher volumes with greater efficiency. Now in Q4, we are finalizing our transition to a Northern Europe based tier one contract manufacturer, providing highly scalable capacity in Sweden. Naturally a change of this critical nature takes time to execute fully with the high degree of quality to avoid delays and making it seamless to our customers.

A review of our Company's performance track record demonstrates that we are making carefully considered advancements to stay true to our customer-first values of best-in-class innovation, service and quality. Our proven strategy will deliver ever-greater value and lasting returns to our customers and shareholders. As always, I thank you for your support.



Ali Ahmadian, CEO  
Heliospectra AB (publ)



## SIGNIFICANT EVENTS

### JANUARY–MARCH

- Canadian cannabis facility deploy Heliospectra LED grow lights for for a customer building a high-performance medicinal cannabis cultivation facility in Eastern Canada. The order for the Heliospectra LX60 intelligent LED lighting solution is valued at SEK 5.5 million (USD \$651,200).
- Heliospectra showcased the company's intelligent lighting solutions, technical services, and new helio CORE™ light control system at IPM Essen and Fruit Logistica in Berlin.
- AcquiFlow, a value-added reseller, selects Heliospectra Intelligent LED Lighting Solutions to scale cannabis cultivation facilities for leading Canadian licensed producer. The order value is 524 000 SEK (USD \$63,547).
- Griffin Greenhouse Supplies, a value-added reseller, secures a large order for Heliospectra LED Lighting Solutions. The order is for the E60 C plate full spectrum series LED grow lights and goes to a New England cannabis cultivation facility. The order value is SEK 5.8 million (USD \$698,000).
- Iconic Kew Royal Botanic Gardens retrofits greenhouse with Heliospectra intelligent LED lighting solutions. The new lights will be retrofitted in the tropical nursery with the aim to improve plant quality using a more environmentally-friendly lighting solution. The order value is SEK 1.7 million (£ 150,000).

### APRIL - JUNE

- Heliospectra AB appoints Magnus Svensson as New Chief Financial officer (CFO), effective May 2nd 2018.
- Griffin Greenhouse Supplies expands controlled environments Agriculture installation of Heliospectra LED lighting solutions, with a second order for the E60 C plate full-spectrum series LED grow lights. The order value is SEK 4.6 million (USD \$549,000).
- Griffin Greenhouse Supplies and the New England controlled environments agriculture installation standardize on Heliospectra LED Lighting with third order for the E60 C plate full-spectrum series LED grow lights. The order value is SEK 5.7 million (USD \$686,510).
- Heliospectra officially launches helioCORE™ as the new light control system becomes available for order.
- 5 Leters DOO secures order for Heliospectra LED Lighting. The order is for additional E60 series LED grow lights as the company scales medicinal cannabis cultivation in Resen, Macedonia. The order value is SEK 1.5 million (USD \$179,760).
- ABB and Heliospectra AB join forces in the Middle East and Africa. The companies are joining forces to explore innovative solutions that will boost the productivity and the sustainability of greenhouse and controlled environment agriculture produce industry in the Middle East and Africa.
- Heliospectra AB to introduce next generation lightbar at GreenTech Amsterdam.
- 5 Leters DOO Facility Scales with Heliospectra lighting solutions. The second order is for additional E60 series LED grow lights as the company scales medicinal cannabis cultivation in Resen, Macedonia. The order value is SEK 1.5 million (USD \$184,560).

- Macedonian Cultivation Facility Standardize on Heliospectra LED Technology. The order is for Heliospectra's E60 and LX60 LED grow lights and valued at SEK 3.7 million (\$432,643 USD).
- Heliospectra annual meeting was held on June 14 2018. Staffan Gunnarsson was appointed new director and Jens Helgesson was elected new deputy director.

## JULY - SEPTEMBER

- Heliospectra features helioCORE™ light control system and new series of lightbars at Cultivate'18 in Columbus, Ohio
- Heliospectra AB expands executive team with Vice President, Sales and Marketing and Vice President, Technical Services. Hanna Rüdél as Vice President, Technical Services and Thorbjörn Leu as Vice President, Sales and Marketing, effective August 2018.
- Ljulgårda AB Invests in Heliospectra's innovative LED lighting solutions. The company, located in Tibro, Sweden, focuses on sustainable, eco-conscious vertical farming with the goal to produce high-quality vegetables year-round. The order is for Heliospectra's fully adjustable ELIXIA LED lighting solution and the order value is SEK 1.3 million (\$ 143,552).
- 5 Leters DOO in Macedonia expands their facility and places an additional order on Heliospectra's EOS series LED grow lights. The order value is SEK 1.6 million (USD \$ 179,760).
- Australian cannabis researcher and producer invests in Heliospectra's innovative LED lighting solutions. The order is for Heliospectra's fully adjustable ELIXIA LED lighting solution and the order is valued at SEK 660,000 (\$ 78,000).
- King Abdullah University of Science and Technology (KAUST), a private international graduate-level institution located on the Red Sea, chooses Heliospectra for new speed breeding project. The order is valued is SEK 540,000 (\$ 58,700).
- Danish company Cannabis Pharm automates their growth environment with Heliospectra's intelligent LED lighting and helioCORE™ control software. The order value is SEK 1.4 million (USD \$ 154,000).

## FINANCIAL REPORT

| TSEK            | JANUARY - SEPTEMBER |         |     |
|-----------------|---------------------|---------|-----|
|                 | 2018                | 2017    |     |
| ORDER INTAKE    | 38,022              | 28,082  | 35% |
| NET SALES       | 34,287              | 19,550  | 75% |
| OPERATING LOSS  | -21,231             | -25,611 | 17% |
| LOSS BEFORE TAX | -21,273             | -25,701 | 17% |

### SALES AND FINANCIAL PERFORMANCE, JANUARY – SEPTEMBER

Net sales amounted to SEK 34,287 thousand (19,550). The operating loss amounted to SEK -21,231 thousand (-25,611), signifying a negative operating margin. The loss after tax was SEK -21,273 thousand (-25,701), or SEK -0,61 (-0,73) per share.

### CASH FLOW, JANUARY – SEPTEMBER

Operating cash flow was SEK -20,798 thousand (-25,955). Total cash flow was SEK -22,442 thousand (-27,764).

## SIGNIFICANT RISKS AND UNCERTAINTIES

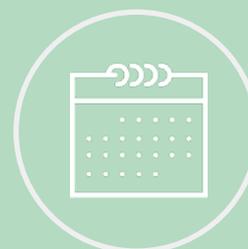
For a comprehensive – but not complete – summary of risks, we refer to Heliospectra’s 2017 Annual Report <http://ir.heliospectra.com/sv/rappporter-filer/>.

## OUTLOOK

The launch of helioCORE™ combined with the installed base of our intelligent lighting portfolio, mainly ELIXIA (formerly LX series), will create growth opportunities by generating recurring revenue. Sales effort and geographical expansion will be intensified further. While the board makes no quantified predictions for 2018, its general assessment is that the company is well-positioned for accelerated sales and deliveries.

## FINANCIAL CALENDAR

- YEAR-END REPORT 2018 2/22/2019
- INTERIM REPORT JAN - MAR 4/26/2019
- GENERAL MEETING 6/13/2019



Gothenburg, October 26, 2018  
The Board

| <b>CONSOLIDATED INCOME STATEMENT</b>   | <b>2018</b>    | <b>2017</b>    | <b>2017</b>    |
|--|----------------|----------------|----------------|
| Amounts in SEK thousand  | JAN-SEP        | JAN-SEP        | JAN-DEC        |
| Net Sales  | 34,287         | 19,550         | 36,039         |
| Other operating income   | 590            | 604            | 729            |
|  | <b>34,877</b>  | <b>20,154</b>  | <b>36,768</b>  |
| <b>OPERATING EXPENSES</b>  |                |                |                |
| Cost of goods sold   | -22,459        | -11,530        | -22,347        |
| Other external expenses  | -15,264        | -16,690        | -22,993        |
| Personnel expenses   | -16,259        | -14,288        | -19,476        |
| Depreciations, amortizations and impairments   | -1,990         | -3,257         | -4,319         |
| Other operating expenses   | -137           | -              | -722           |
| <b>Operating profit/loss</b>   | <b>-21,231</b> | <b>-25,611</b> | <b>-33,089</b> |
| <b>Operating margin</b>  | <b>neg</b>     | <b>neg</b>     | <b>neg</b>     |
| Total financial items  | -42            | -90            | -82            |
| <b>Profit/Loss before tax</b>  | <b>-21,273</b> | <b>-25,701</b> | <b>-33,171</b> |
| Taxes  | -              | -              | -              |
| <b>Profit/Loss after tax</b>   | <b>-21,273</b> | <b>-25,701</b> | <b>-33,171</b> |
| <b>CONSOLIDATED CASH FLOW STATEMENT</b>  | <b>2018</b>    | <b>2017</b>    | <b>2017</b>    |
| Amounts in SEK thousand  | JAN-SEP        | JAN-SEP        | JAN-DEC        |
| Profit/Loss after financial items  | -21,273        | -25,701        | -33,171        |
| Adjustments for items not included in the cash flow, impairment, depreciation and amortization, assets | 2,170          | 3,257          | 4,319          |
| Change in working capital  | -1,695         | -3,511         | -659           |
| <b>Operating cash flow</b>   | <b>-20,798</b> | <b>-25,955</b> | <b>-29,511</b> |
| Cash flow from investing activities  | -1,194         | -1,359         | -2,296         |
| Cash flow from financing activities  | -450           | -450           | -500           |
| <b>Cash flow for the period</b>  | <b>-22,442</b> | <b>-27,764</b> | <b>-32,307</b> |
| <b>Cash and cash equivalent at beginning of period</b>   | <b>40,633</b>  | <b>72,940</b>  | <b>72,940</b>  |
| <b>Cash and cash equivalents at end of period</b>  | <b>18,191</b>  | <b>45,176</b>  | <b>40,633</b>  |
| <b>KEY INDICATORS</b>  | <b>2018</b>    | <b>2017</b>    | <b>2017</b>    |
|  | JAN-SEP        | JAN-SEP        | JAN-DEC        |
| Sales per share, SEK   | 0.98           | 0.56           | 1.05           |
| Earnings per share after tax, SEK  | -0.61          | -0.73          | -0.94          |
| Operating margin, %  | neg            | neg            | neg            |
| EBITDA, SEK thousands  | -19,241        | -22,354        | -28,770        |
| EBITDA margin, %   | neg            | neg            | neg            |

| <b>CONSOLIDATED BALANCE SHEET</b>   | <b>2018-09-30</b> | <b>2017-09-30</b> | <b>2017-12-31</b> |
|-------------------------------------|-------------------|-------------------|-------------------|
| Amounts in SEK thousand             |                   |                   |                   |
| <b>ASSETS</b>                       |                   |                   |                   |
| Intangible assets                   | 14,430            | 15,487            | 14,934            |
| Tangible assets                     | 856               | 1,170             | 1,148             |
| <b>Total fixed assets</b>           | <b>15,286</b>     | <b>16,657</b>     | <b>16,082</b>     |
| Inventories                         | 8,207             | 10,948            | 7,589             |
| Current receivables                 | 14,226            | 8,197             | 10,021            |
| Cash and cash equivalents           | 18,191            | 45,176            | 40,633            |
| <b>Total current assets</b>         | <b>40,624</b>     | <b>64,321</b>     | <b>58,243</b>     |
| <b>Total assets</b>                 | <b>55,909</b>     | <b>80,978</b>     | <b>74,325</b>     |
| <b>EQUITY AND LIABILITIES</b>       |                   |                   |                   |
| Equity                              | 27,209            | 55,773            | 48,303            |
| Non-current liabilities             | 9,950             | 10,900            | 10,400            |
| Current liabilities                 | 18,750            | 14,305            | 15,622            |
| <b>Total equity and liabilities</b> | <b>55,909</b>     | <b>80,978</b>     | <b>74,325</b>     |

| <b>CHANGE IN CONSOLIDATED EQUITY</b> | <b>2018</b>   | <b>2017</b>   | <b>2017</b>   |
|--------------------------------------|---------------|---------------|---------------|
| Amounts in SEK thousand              | JAN-SEP       | JAN-SEP       | JAN-DEC       |
| Opening equity                       | 48,303        | 81,474        | 81,474        |
| Profit/Loss for the period after tax | -21,273       | -25,701       | -33,171       |
| Exchange rate differences            | 179           | -             | -             |
| <b>Closing equity</b>                | <b>27,209</b> | <b>55,773</b> | <b>48,303</b> |

| <b>KEY INDICATORS</b>       | <b>2018-09-30</b> | <b>2017-09-30</b> | <b>2017-12-31</b> |
|-----------------------------|-------------------|-------------------|-------------------|
| Number of shares, thousands | 35,112            | 35,112            | 35,112            |
| Equity/share, SEK           | 0.77              | 1.59              | 1.38              |
| Equity/assets ratio         | 49%               | 69%               | 65%               |
| Quick ratio                 | 173%              | 373%              | 324%              |

## 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 2017 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

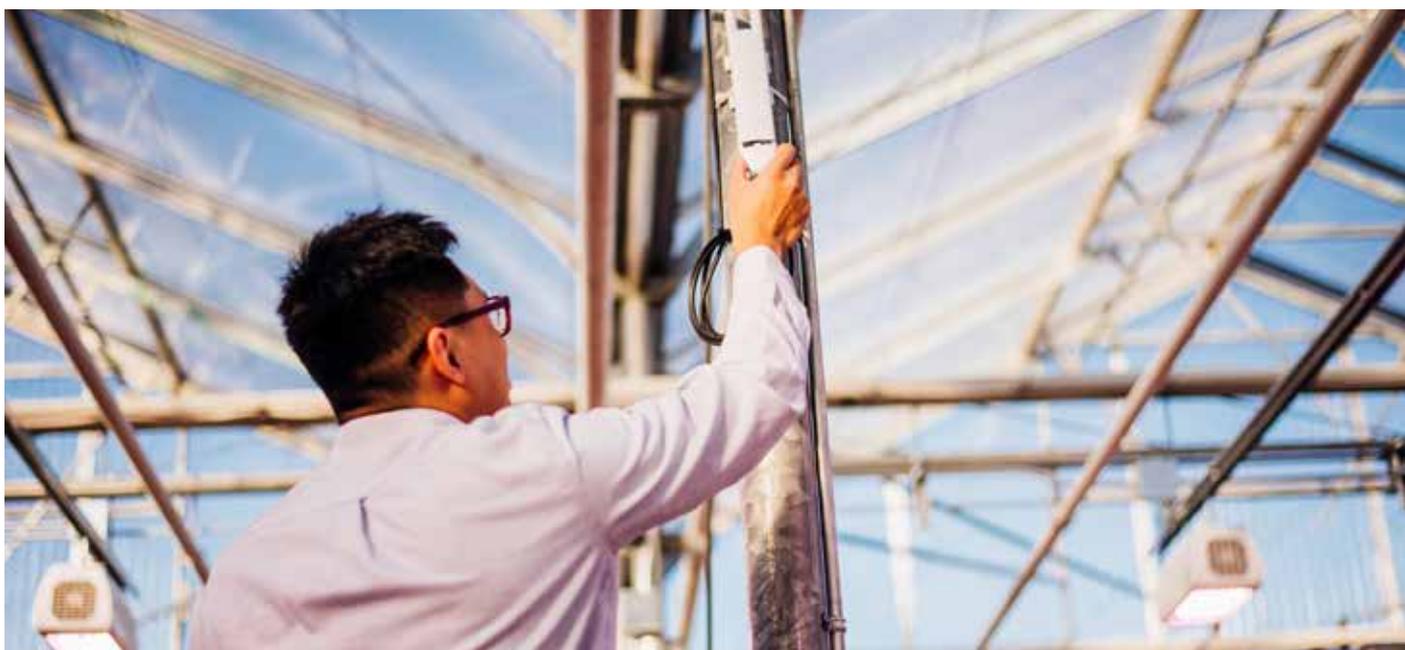
### QUICK RATIO

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

## CERTIFIED ADVISER

Redeye AB

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## HELIOSPECTRA IN BRIEF

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 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. Heliospectra is the recipient of multiple international awards and recognitions. For more information, we refer to Heliospectra's 2017 Annual Report, <http://ir.heliospectra.com/sv/rapporter-filer/> and the heliospectra website [www.heliospectra.com](http://www.heliospectra.com).



## FOR FURTHER INFORMATION, PLEASE CONTACT

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



**heliospectra**