

Heliospectra AB (publ)

2018

**HALF YEAR REPORT
JANUARY – JUNE**

CEO's COMMENTS

Dear Heliospectra AB (publ) Shareholder,

There are many positive developments to share with you as Heliospectra continues to execute according to our plan on multiple fronts, from developing new strategic accounts and partnerships to expanding our longtime technology leadership.

Heliospectra's unique approach to maximizing value by integrating hardware, software control and technical services caused global leader ABB to perceive our company as an ideal market and technology partner. In May, we formally joined forces with ABB to address increasing demand for sustainable agricultural products with new food production and infrastructure technologies. The partnership will initially yield new sales opportunities for both companies and will enable us to provide fully integrated solutions to commercial growers around the world. In the longer term, we'll introduce technology collaborations that expand upon Heliospectra's light control and automation platform. In the upcoming periods, I'll have more news to share with you about our electrification and light installation capabilities and other joint projects.

The HeliocORE™ light management software we released earlier this year is receiving an enthusiastic market response. Our system-based approach to lighting design, customized for each climate and facility, provides growers with unprecedented control over crop yields, cycle times and quality as well as energy consumption. HeliocORE is rapidly changing grower attitudes about what a lighting partner can deliver.

In furthering our strategy to support the full crop lifecycle in large-scale greenhouses, vertical farms and agtech operations, we introduced a new lightbar platform. Based on our R&D team's decade of work with varied light spectra, the Heliospectra lightbars provide an end-to-end solution from propagation to on-time harvest. This new platform, designed for use in tough commercial environments, is measurably superior to the previous lightbar design it replaced.

To maintain our undisputed quality leadership in the market, parallel initiatives has been underway to improve the design and increase the efficiency of our flagship top lighting platform. The next-generation of our top

lights, to be released in Q4, will be much brighter than the previous one and it will follow a modular design and lower production cost.

These advancements expand Heliospectra's technology leadership both in the most mature horticultural LED lighting market, with high competition from low-cost competitors, and the most high-tech markets, where automated farming is mainstream.

Despite the minor market delays experienced while we invested in upgrading our technology platforms and manufacturing capacities, we improved order intake by 64 percent, net sales by 47 percent and operating loss before tax by 12 percent compared to the same period last year.

I am very pleased to work with shareholders who support our passion for innovation, sustainability, quality and results. As always, I thank you for your steadfast commitment to the Heliospectra vision.

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.

FINANCIAL REPORT

TSEK	JANUARY - JUNE		
	2018	2017	
ORDER INTAKE	30 309	18 476	64%
NET SALES	17 324	11 785	47%
OPERATING LOSS	-16 625	-18 762	11%
LOSS BEFORE TAX	-16 476	-18 824	12%

SALES AND FINANCIAL PERFORMANCE, JANUARY – JUNE

Net sales amounted to SEK 17,324 thousand (11,785). The operating loss amounted to SEK -16,625 thousand (-18,762), signifying a negative operating margin. The loss after tax was SEK -16,476 thousand (-18,824), or SEK -0,47 (-0,54) per share.

CASH FLOW, JANUARY – JUNE

Operating cash flow was SEK -13,276 thousand (-22,450). Total cash flow was SEK -14,513 thousand (-23,404).

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/>.



SIGNIFICANT EVENTS AFTER THE PERIOD

- 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 Rüdell as Vice President, Technical Services and Thorbjörn Leu as Vice President, Sales and Marketing, effective August 2018.
- Ljusingårda 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 builds out 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).

OUTLOOK

The launch of HelioCORE™ combined with the installed base of our intelligent lighting portfolio, mainly 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

- | | |
|--------------------------|------------|
| • INTERIM REPORT JAN–SEP | 10/26/2018 |
| • YEAR-END REPORT 2018 | 2/22/2019 |

Gothenburg, August 24, 2018
The Board

CONSOLIDATED INCOME STATEMENT	2018	2017	2017
Amounts in SEK thousand	JAN-JUN	JAN-JUN	JAN-DEC
Net Sales	17 324	11 785	36 039
Other operating income	569	248	729
	17 893	12 033	36 768
OPERATING EXPENSES			
Cost of goods sold	-11 470	-6 529	-22 347
Other external expenses	-11 295	-12 463	-22 993
Personnel expenses	-10 293	-9 623	-19 476
Depreciations, amortizations and impairments	-1 315	-2 180	-4 319
Other operating expenses	-145	-	-722
Operating profit/loss	-16 625	-18 762	-33 089
Operating margin	neg	neg	neg
Total financial items	149	-62	-82
Profit/Loss before tax	-16 476	-18 824	-33 171
Taxes	-	-	-
Profit/Loss after tax	-16 476	-18 824	-33 171
CONSOLIDATED CASH FLOW STATEMENT	2018	2017	2017
Amounts in SEK thousand	JAN-JUN	JAN-JUN	JAN-DEC
Profit/Loss after financial items	-16 476	-18 824	-33 171
Adjustments for items not included in the cash flow, impairment, depreciation and amortization, assets	1 504	2 180	4 319
Change in working capital	1 696	-5 806	-659
Operating cash flow	-13 276	-22 450	-29 511
Cash flow from investing activities	-937	-954	-2 296
Cash flow from financing activities	-300	-	-500
Cash flow for the period	-14 513	-23 404	-32 307
Cash and cash equivalent at beginning of period	40 633	72 940	72 940
Cash and cash equivalents at end of period	26 120	49 536	40 633
KEY INDICATORS	2018	2017	2017
	JAN-JUN	JAN-JUN	JAN-DEC
Sales per share, SEK	0,51	0,34	1,05
Earnings per share after tax, SEK	-0,47	-0,54	-0,94
Operating margin, %	neg	neg	neg
EBITDA, SEK thousands	-15 310	-16 582	-28 770
EBITDA margin, %	neg	neg	neg

CONSOLIDATED BALANCE SHEET	2018-06-30	2017-06-30	2017-12-31
Amounts in SEK thousand			
ASSETS			
Intangible assets	14 731	15 582	14 934
Tangible assets	973	1 297	1 148
Total fixed assets	15 704	16 879	16 082
Inventories	9 985	10 427	7 589
Current receivables	8 908	7 568	10 021
Cash and cash equivalents	26 120	49 536	40 633
Total current assets	45 013	67 531	58 243
Total assets	60 717	84 410	74 325
EQUITY AND LIABILITIES			
Equity	32 016	62 650	48 303
Non-current liabilities	10 100	10 900	10 400
Current liabilities	18 601	10 860	15 622
Total equity and liabilities	60 717	84 410	74 325
CHANGE IN CONSOLIDATED EQUITY			
	2018	2017	2017
Amounts in SEK thousand			
	JAN-JUNI	JAN-JUNI	JAN-DEC
Opening equity	48 303	81 474	81 474
Profit/Loss for the period after tax	-16 476	-18 824	-33 171
Exchange rate differences	189	-	-
Closing equity	32 016	62 650	48 303
KEY INDICATORS			
	2018-06-30	2017-06-30	2017-12-31
Number of shares, thousands	35 112	35 112	35 112
Equity/share, SEK	0,91	1,78	1,38
Equity/assets ratio	53%	74%	65%
Quick ratio	188%	526%	324%

ACCOUNTING POLICIES AND NOTES

This half-year 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

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 totals SEK 3,511,157.60 split between 35,111,576 shares, each with a quota value of SEK 0.10.

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 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

CERTIFIED ADVISER

Redeye AB

Box 7141, SE 103 87 Stockholm, Sweden

OWNERSHIP LIST

Per 2018-06-30

SHAREHOLDERS	NUMBER OF SHARES	EQUITY INTEREST
WELAND VÄRDEPAPPER AB	6,952,841	19.8%
WELAND STÅL AB	5,114,811	14.6%
MIDROC NEW TECHNOLOGY AB	3,547,686	10.1%
FÖRSÄKRINGSAKTIEBOLAGET, AVANZA PENSION	2,151,868	6.1%
BANK OF NEW YORK, W9	1,574,911	4.5%
PIBA AB	386,000	1.1%
ARNEWID ANDREAS	368,250	1.0%
MAGOWNY INVEST AB	340,689	1.0%
NORDNET PENSIONS- FÖRSÄKRING AB	331,561	0.9%
BELMONDO AB	260,800	0.7%
OTHER OWNERS	14,082,159	40.1%
TOTAL:	35,111,576	100.0%

The total number of shareholders is approximately 7,063.

STOCK WARRANT FOR SENIOR EXECUTIVES

The Annual General Meeting of June 14, 2016 approved a stock warrant program for senior executives and personnel. It comprises 770,000 warrants, where each warrant confers the right to subscribe for one new share at the price of SEK 14 during the period September 1, 2018 through October 31, 2018. Based on this, dilution will be around 2%.

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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.



Heliospectra AB (publ)



FOR FURTHER INFORMATION, PLEASE CONTACT

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



heliospectra