



heliospectra™



Heliospectra AB (publ)

2017

HALF YEAR REPORT JANUARY – JUNE

CEO's COMMENTS

Dear Heliospectra AB (publ) Shareholder,

We are six months into a major positive transformation of Heliospectra. Considerable progress has been made to date, and we've put into action strategic initiatives that will deliver rewards over the long term. As we reflect on the half-year milestone, let's remember why we embarked on this transformative journey in the first place: to establish a firm foundation in larger markets and offer compelling solutions to major growers.

Staying focused on these long-term objectives has been the key to our success during the last six months. This focus guided us as we reshaped our company organization and introduced new solutions and services. We expanded our engineering, marketing and sales resource allocation toward food and research markets without compromising market share in the medical market, in which our installed base also grew. We received sizable repeat orders from some of the largest global players in the ag-tech and medical industries, which grow ever more alike in their rigorous technology requirements, proving the high quality of our product and service offerings and the value our customers gain from our solutions.

We have not hesitated in executing against our long-term objective and strategy. We exited from unprofitable business and grew sales orders by more than 30% in the first half of 2017. We reached nearly 20% improvement in our recognized income and, although currency rates and other macroeconomic issues presented challenges, our cost reduction and profitability improvement programs remained in accordance with our plan. This rigor contributed to a 7% improvement in our bottom line compared to the year-ago period.

Additionally, we redoubled our efforts to develop integrated control and automation software, which will elevate light management capabilities for our growers to a level unparalleled in our industry. Cortex, the technology platform's brand name, was productized during the first quarter and introduced to the market in June. The following month at Cultivate, North America's largest horticulture event, Cortex received a warmly enthusiastic reception from leading growers, thought-leading scientists and media. It is readily apparent that

Cortex directly addresses a major gap in existing software platforms, which simply do not provide growers with the controls required for lighting. We are now embarking on Cortex beta programs with category-leading growers and ag-tech companies.

As we look ahead, we will continue to build on our value propositions to provide growers with solutions that empower them to control consistency, increase yields, accelerate harvests and improve crop quality to achieve measurable business results. We will continue to generate incremental earnings through our shared capabilities and collaboration with other industry leaders. We are proud of our achievements, but not content. We will create more value for our customers and shareholders in the six months ahead and beyond.

Ali Ahmadian, CEO
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.

FINANCIAL REPORT

| KSEK | JANUARY – JUNE | | |
|-----------------|----------------|---------|-----|
| | 2017 | 2016 | |
| ORDER INTAKE | 18,476 | 14,144 | 31% |
| NET SALES | 11,785 | 9,868 | 19% |
| OPERATING LOSS | -18,762 | -20,153 | 7% |
| LOSS BEFORE TAX | -18,824 | -20,238 | 7% |

SALES AND FINANCIAL PERFORMANCE, JANUARY – JUNE

Net sales amounted to SEK 11,785 thousand (9,868). The operating loss amounted to SEK -18,762 thousand (-20,153), signifying a negative operating margin. The loss after tax was SEK -18,824 thousand (-33,954), or SEK -1 (-1) per share.

CASH FLOW, JANUARY – JUNE

Operating cash flow was SEK -22,450 thousand (-23,991). Total cash flow was SEK -23,404 thousand (-14,254).

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/sv/aktien/> and the 2016 Annual Report <http://ir.heliospectra.com/sv/rapporter-filer/>.



EVENTS SINCE THE END OF THE PERIOD

- 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).

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

- INTERIM REPORT JAN–SEP 10/27/2017
- YEAR-END REPORT 2017 2/23/2018

Gothenburg, August 25, 2017
The Board

Heliospectra AB (publ)



| CONSOLIDATED INCOME STATEMENT | 2017 | 2016 | 2016 |
|--|----------------|----------------|----------------|
| Amounts in SEK thousand | JAN-JUN | JAN-JUN | JAN-DEC |
| Net Turnover | 11 785 | 9 868 | 23 053 |
| Other operating income | 248 | 1 028 | 3 189 |
| | 12 033 | 10 896 | 26 242 |
| OPERATING EXPENSES | | | |
| Commodities | -6 529 | -6 844 | -15 763 |
| Other external costs | -12 463 | -13 500 | -30 742 |
| Staffing costs | -9 623 | -8 569 | -18 147 |
| Depreciations, amortizations and impairments | -2 180 | -2 136 | -4 338 |
| Other operating expenses | | | -36 |
| Operating profit/loss | -18 762 | -20 153 | -42 784 |
| Operating margin | neg | neg | neg |
| Total financial items | -62 | -85 | -2 979 |
| Profit/Loss before tax | -18 824 | -20 238 | -45 763 |
| Taxes | | | |
| Profit/Loss after tax | -18 824 | -20 238 | -45 763 |
| CONSOLIDATED CASH FLOW STATEMENT | 2017 | 2016 | 2016 |
| Amounts in SEK thousand | JAN-JUN | JAN-JUN | JAN-DEC |
| Cash flow before change in working capital | -16 644 | -18 102 | -41 425 |
| Change in working capital | -5 806 | -5 889 | 2 048 |
| Operating cash flow | -22 450 | -23 991 | -39 377 |
| Cash flow from investing activities | -954 | -2 443 | -5 121 |
| Cash flow from financing activities | | 12 180 | 98 590 |
| Cash flow for the period | -23 404 | -14 254 | 54 092 |
| Cash and cash equivalent at beginning of period | 72 940 | 18 848 | 18 848 |
| Cash and cash equivalents at end of period | 49 536 | 4 594 | 72 940 |
| KEY INDICATORS | 2017 | 2016 | 2016 |
| | JAN-JUN | JAN-JUN | JAN-DEC |
| Sales per share, SEK | 0,3 | 0,6 | 0,7 |
| Earnings per share after tax, SEK | -1 | -1 | -1 |
| Operating margin, % | neg | neg | neg |
| EBITDA, SEK thousands | -16 582 | -18 017 | -38 446 |
| EBITDA margin, % | neg | neg | neg |



| CONSOLIDATED BALANCE SHEET | 2017-06-30 | 2016-06-30 | 2016-12-31 |
|--------------------------------------|-------------------|-------------------|-------------------|
| Amounts in SEK thousand | | | |
| ASSETS | | | |
| Intangible assets | 15 582 | 16 323 | 16 519 |
| Tangible assets | 1 297 | 1 500 | 1 586 |
| Total fixed assets | 16 879 | 17 823 | 18 105 |
| Inventories | 10 427 | 8 210 | 8 178 |
| Current receivables | 7 568 | 8 881 | 6 000 |
| Cash and cash equivalents | 49 536 | 4 594 | 72 940 |
| Total current assets | 67 531 | 21 685 | 87 118 |
| Total assets | 84 410 | 39 508 | 105 223 |
| EQUITY AND LIABILITIES | | | |
| Shareholders' equity | 62 650 | 7 909 | 81 474 |
| Non-current liabilities | 10 900 | 11 400 | 10 900 |
| Current liabilities | 10 860 | 20 199 | 12 849 |
| Total equity and liabilities | 84 410 | 39 508 | 105 223 |
| CHANGE IN CONSOLIDATED EQUITY | | | |
| Amounts in SEK thousand | | | |
| | 2017 | 2016 | 2016 |
| | JAN-JUN | JAN-JUN | JAN-DEC |
| Opening equity | 81 474 | 28 147 | 28 147 |
| Profit/Loss for the period after tax | -18 824 | -20 238 | -45 763 |
| New share issue | | | 1 649 |
| Other capital contributed | | | 97 441 |
| Closing equity | 62 650 | 7 909 | 81 474 |
| KEY INDICATORS | | | |
| | 2017-06-30 | 2016-06-30 | 2016-12-31 |
| Number of shares, thousands | 35 112 | 18 622 | 35 112 |
| Equity/share, SEK | 2 | 0 | 2 |
| Equity/assets ratio | 74% | 20% | 77% |
| Quick ratio | 526% | 67% | 614% |

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 2016 annual report and remain as described in said report. All amounts are reported in SEK thousands unless otherwise indicated.

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

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

| 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% |
| STIFTELSEN INDUSTRIFONDEN | 2,393,409 | 6.8% |
| FÖRSÄKRINGSAKTIEBOLAGET, AVANZA PENSION | 1,971,841 | 5.6% |
| BANK OF NEW YORK, W9 | 1,684,546 | 4.8% |
| PIBA AB | 386,000 | 1.1% |
| MAGOWNY INVEST AB | 340,689 | 1.0% |
| NORDNET PENSIONS- FÖRSÄKRING AB | 284,141 | 0.8% |
| BELMONDO AB | 260,800 | 0.7% |
| OTHER OWNERS | 12,174,812 | 34.7% |
| TOTAL: | 35,111,576 | 100.0% |

The total number of shareholders is approximately 3,200.

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 (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/sv/aktien/> and the 2016 Annual Report, <http://ir.heliospectra.com/sv/rapporter-filer/>.



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

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