

Year End Report 2018, Heliospectra AB (publ)

GOTHENBURG, Sweden / SAN FRANCISCO, CA, February 22, 2019 –

Heliospectra AB (publ) (OTCQB: HLSPY, FIRSTNORTH: HELIO), a world leader in intelligent lighting technology for greenhouse and controlled plant growth environments, are today presenting its Year-End Report for 2018.

Financial Report

TSEK	JANUARY - DECEMBER		
	2018	2017	
ORDER INTAKE	47,806	43,814	9%
NET SALES	45,370	36,039	26%
OPERATING LOSS	-33,251	-33,089	0%
LOSS BEFORE TAX	-33,303	-33,171	0%

October-December:

- Net sales amounted to KSEK 11,083 (16,489)
- Operating profit/loss was KSEK -12,020 (-7,478), involving a negative operating margin (neg)
- Profit/loss after tax was KSEK -12,030 (-7,470) or SEK -0,34 (-0,21) per share
- Operating cash flow was KSEK -4,790 (-3,556). Total cash flow was KSEK -7,025 (-4,543).

January-December:

- Net turnover was KSEK 45,370 (36,039)
- Operating profit/loss was KSEK -33,251 (-33,089) involving a negative operating margin (neg)
- Profit/loss after tax was KSEK -33,303 (-33,171) or SEK -0.95 (-0.94) per share
- Operating cash flow was KSEK -25,588 (-29,511). Total cash flow was KSEK -29,468 (-32,307).

Important 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 helioCORE™ 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.
- Ljusgård 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).

October - December

- Leading Spanish research facility invest in Heliospectra's LED lighting solutions for medicinal plant research. The order is for Heliospectra's fully adjustable ELIXIA LED lighting solution and the value is SEK 1.2 million (EUR € 117,855).
- Global Fortune 500 AgTech leader selects Heliospectra intelligent LED lighting solutions. The year-end order is for Heliospectra's EOS series lamps and the order value is SEK 1.2 million (\$134,850 USD). The company is a long-term customer of Heliospectra.
- Heliospectra announces the cancellation of a 5 Leters DOO order. The order was for Heliospectra's EOS series and the order value was SEK 1.6 million (USD \$ 179,760).
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- Heliospectra announces a new order from F&M 2017 DOO. The company is starting a new state-of-the-art medicinal cannabis facility in Macedonia. The order is for Heliospectra's fully adjustable spectrum ELIXIA LED grow lights and HelioCORE™ light control software. The order value is SEK 2.4 million (€ 250,300).
- John Innes Centre continues retrofit with new order of Heliospectra intelligent lighting solutions. This order of ELIXIA and EOS lights complements the previous orders made by the customer. The order value is SEK 1.3 million (£ 113,600).

Events since the end of the period

- Heliospectra's helioCORE™ light control system gains recognition by the American Society of Agricultural and Biological Engineers with a 2019 AE50 Award for "Outstanding Innovations in Product or System Technology."
- Heliospectra's Technical Services portfolio becomes re-branded under helioCARE™.
- Leading European Research Facility Continues Investment in Heliospectra's LED Lighting Solutions. The company is expanding its greenhouse production, and has placed an additional order of Heliospectra's fully adjustable ELIXIA LED lighting solution. The value of the new order is SEK 2,0 million (€ 189,000).

CEO's Comments

Dear Shareholders of Heliospectra AB (publ),

2018 was a critical year for Heliospectra as we strengthened the foundation of our company to ensure that we execute against our strategic objectives. In the second half of the year we went through a reorganization which resulted in building a highly efficient, global team focused on generating revenue and working closely with growers and customers to truly understand their needs. The introduction of helioCARE™, our technical services, at the beginning of 2018 is one such example. Besides creating a new

revenue stream helioCARE adds value to current and new customers and strengthen our position as thought leaders. We further the commercial advancement of helioCORE™ and Heliospectra's world-class integrated and connected LED lighting solutions.

During 2018, we proactively responded to market demand generated from urbanization and population growth as well as food security policies and other public/private initiatives driving economic diversification and resource conservation. Vertical farming has accelerated the need for integrated solutions with food growers worldwide. Based on Heliospectra's observations and market engagement, we introduced our new SIERA light bar family in Q2. With SIERA product now shipping, we predict the series will be an industry leader based on product performance and results to date. Moreover, our industry-leading technology was selected and specified for several milestone projects during 2018, including installation at one of the world's top five largest LED horticultural facilities for medicinal crops.

As I reported last quarter, we realized as our company develops that we must focus our work and growth on fewer, but much larger-scale customers and facilities. This required us to partner with suppliers who can deliver higher volumes at far greater efficiency. At the end of Q3.2018, we finalized our transition and are now working with a new global manufacturer with highly scalable capacity in Sweden. As was expected and reported, this achievement and transition presented our company with some interim challenges in order fulfillment and affected our gross margin. This transformation forced us to prioritize orders and our existing customers so that we did have to turn away some new inquiries. With our new capacity and supply chain in place, Heliospectra is well-positioned to offer our products in larger volume with improved delivery time and a more favorable gross margin.

While Heliospectra invested in upgrading our technology platforms and manufacturing capacities in 2018, we managed to improve net sales by 26 percent, order intake by 9 percent compared to 2017 while operating loss remained unchanged. We further improved our working capital in 2018 compared to last year. The fact that we ask customers to pay for orders in advance of delivery also supports our favorable working capital. This has strengthened our capital efficiency by minimizing risks to accounts receivables and significantly reducing the bad debt costs. While our gross margin did drop 4 percentage points due to some strategic pricing decisions and the supply chain transition that phased out raw materials no longer used, Heliospectra is now poised for more efficient and streamlined production and standardized pricing which will positively impact COGS and margins moving forward.

Today I am confident that we have built a solid foundation to scale our business and respond to the fast-growing market. Looking ahead, I view 2019 with confidence as a year that we will harvest the results of our efforts and persistence. This is supported by our highest-quality product portfolio and our world-class team. We will continue creating customer value and exceeding customer expectations to grow our market presence.

In closing, I appreciate the steadfast support of our stakeholders. Your guidance and contributions along with the hard work of the Heliospectra team in 2018 have positioned our company as the industry leader and value-driven company that will dominate the horticultural lighting and technology markets for years to come.

Ali Ahmadian, CEO

Heliospectra AB (publ)

To read the full report visit: <http://ir.heliospectra.com/en/reports-downloads/>

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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, please visit <https://www.heliospectra.com>.

Forward-Looking Statements

The statements in this press release constitute forward-looking statements within the meaning of federal securities laws. Such statements are based on our current beliefs and expectations and are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond our control. In addition, such forward-looking statements are subject to assumptions with respect to future business strategies and decisions that are subject to change. Potential risks and uncertainties include, but are not limited to, technical advances in the industry as well as political and economic conditions present within the industry. We do not take any obligation to update any forward-looking statement to reflect events or developments after a

forward-looking statement was made.

This information is information that Heliospectra AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, at 08:00 CEST / 1 AM CDT on February 22nd 2019.