



heliospectra™



Heliospectra AB (publ)

2017

YEAR-END REPORT

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HelioCORE™



## CEO's Comments

Dear Shareholders of Heliospectra AB (publ),

At the beginning of 2017, we set about transforming different aspects of Heliospectra's business to deliver customer and investor rewards over the short- and long-term. We now reflect on these decisions with pride in our achievements and determination to press on. In executing against our new strategy, we made measurable strides in increasing earnings, expanding our market leadership and improving operational performance.

Among our first strategic initiatives was to clarify and highlight the value proposition of our lighting solutions well beyond electrical cost reduction. Now more and more growers understand that the Heliospectra solution empowers them to increase yield, control product consistency and accelerate harvest cycles while they improve quality and minimize crop waste. Over the past year, I particularly enjoyed meeting with our grower customers around the world. A common theme of our discussions was the great appreciation growers have for the financial value delivered by Heliospectra products and our commitment to providing expertise and solutions that precisely fit their needs. This validates our decision to put growers rather than products at the center of our focus across business units.

Accordingly, Heliospectra delivered strong earnings growth and maintained this momentum during the last three quarters of 2017. Key metrics including order intake and revenue grew by 93% and 56%, respectively, compared to 2016. Our remarkable growth, which was primarily fueled by projects in the United States and Canada, is also the result of new organizational and operational synergies achieved by applying both our local and global expertise to strengthen customer offerings.

Aligned with our strategy to strengthen market share among food growers, we secured contracts with leading producers of salad greens and vine crops. At the same time, we expanded our customer portfolio in burgeoning segments including medical and research crop production. During 2017 we responded to strong demand from ag-tech companies, who readily grasp our product line's unique value proposition for supporting their research and intellectual property advancements.

Continuing our own tradition of innovation, in the third quarter we introduced HelioCORE as the first and only light control solution to enable growers to forecast quotas, standardize production and increase year-round yields through improved connectivity. This breakthrough technology is our response to growers' expressed need to

improve their business performance and gain negotiating advantages in the marketplace. HelioCORE has received great interest from growers around the world and we are excited to officially launch the product end of quarter one 2018.

Additionally, we readied Heliospectra Technical Services for launch in January 2018 to enable growers to more rapidly achieve their production and business goals. A sampling of these turnkey services includes customized light strategies and speed-breeding trials to accelerate crop performance enhancement as well as didactic and hands-on training in the effective use of smart lighting.

Even while growing our business and expanding our customer offerings, we reduced operational costs by 12% by improving productivity, efficiency, and operational control. Despite macroeconomic challenges, such as unfavorable currency exchange rates in key markets, we improved our bottom line by 23%. For the first time, we took significant steps toward a more positive EBITDA compared to prior years.

Looking ahead, I view 2018 with confidence supported by our highest-quality product line and proven track record of improving business performance. Through the ongoing development and delivery of market-leading solutions and services that directly address grower needs, we will continue to strengthen profitability. Heliospectra is now well positioned to achieve its vision, thanks to the strategic changes we implemented in 2017.

In closing, I would like to express my gratitude to our team and stakeholders for their important contributions throughout the year. With your steadfast support, we will continue our evolution into the horticultural lighting industry's most dominant and value-driven company.

Ali Ahmadian, CEO  
Heliospectra AB (publ)

## Significant events

### JANUARY – MARCH

- Heliospectra appoints Ali Ahmadian as CEO. Outgoing 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 was 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 chose to standardize the new facility using Heliospectra LED lighting to an initial value of SEK 1.27 million (USD 143,034).
- Heliospectra appointed 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 chose 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, decided 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 placed 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 will be reported in accounts during Q2 and Q3.
- CORTEX – the market's leading plant lighting control system – is launched by Heliospectra. Heliospectra's new system provides growers with more control and enables 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 (<http://ir.heliospectra.com/sv/article/heliospectra-ab-introducerar-cortex/>). 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 2016.

### JULY – SEPTEMBER

- Heliospectra announces an order from TruGanic Hybrid Cultivation. The grower chose 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 showcased 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 farm in Portugal. The indoor controlled farm 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).
- With the appointment of Peter Nyberg as Head of Technology and Development, Heliospectra is expanding its senior management group in order to provide innovative, performance-driven lighting solutions to growers worldwide. Peter joined the company on August 15, 2017.
- Heliospectra announces an order from its Italian dealer, Ageon S.r.l. Delivery will be to Gandini Antonio S.S. in Northern Italy, one of Italy's leading commercial tomato growers. The aim of the installation is to improve plant quality and increase yields. The order is valued at SEK 805,000 (USD 99,000).
- Heliospectra announces a second order from The Grove, Nevada. The prominent farming installation in Las Vegas, Nevada, has standardized on Heliospectra's LED lighting solutions and technology since 2015. Since then, The Grove has achieved exceptional results when it comes to accelerating harvests while also controlling cultivation to provide consistent medicinal profiles in its cannabis plants. The order is worth SEK 1,749,667 (USD 209,960).
- Heliospectra announces a third order from The Grove, Nevada. Having standardized on Heliospectra's LED lighting solutions and technology in 2015, The Grove continues to achieve consistent results and high quality medicinal cannabis. The new order is valued at SEK 1,803,109 (USD 224,064) and follows the expansion of the company's commercial farming installation in Nevada.

## OCTOBER - DECEMBER

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- Heliospectra announces a new collaboration with NYSK Holdings, an ultramodern medical cannabis farm in Macedonia. The grower has chosen to collaborate with Heliospectra in order to offer patients a product of medicinal quality for chronic illnesses. The investment is worth around SEK 1,016,000 (USD 125,000).
- Heliospectra announces an order from Medical 420, a farming installation in Macedonia that specializes in growing medicinal cannabis. The installation is investing in Heliospectra's market-leading LED lighting solutions to improve quality, accelerate harvest cycles and increase yields. The order is valued at SEK 984,000 (USD 117,000).
- Heliospectra announces a new order from Greenbelt Microgreens. Greenbelt Microgreens is Canada's largest producer of microgreens and has greenhouses in Ontario and British Columbia. They will install Heliospectra's fully controllable LX50 series with the aim of achieving continuously high yields and superior quality all year round. The order is valued at around SEK 1,000,000 (CAD 151,254).
- Heliospectra will showcase the company's intelligent lighting solutions and new HelioCORE control system at booth # 3607 at MJ BizCon 15–17 November 2017 in the Las Vegas Convention Center, Las Vegas, Nevada.



- Heliospectra is changing the name of its newly announced CORTEX control system to HelioCORE™, effective as of November 16, 2017. The new lighting control system was introduced in July this year and will be available for commercial sales during the first quarter, 2018.
- Heliospectra is proud to announce that it has been ranked as the second fastest growing technology company in Sweden in Deloitte's prestigious Sweden Technology Fast 50.
- Heliospectra announces a new order from Sokaogon Medicinal Corporation (SMC) in Mole Lake, Wisconsin. Sokaogon Medicinal Corporation focuses on industrial hemp cultivation for medicinal use. The order is valued at SEK 1,984,186 (USD 232,704).
- Heliospectra announces a new order from the University of Adelaide. The University's Waite Campus has received a major investment to upgrade technology at their Plant Accelerator® and have chosen Heliospectra's LED lighting as a more sustainable lighting solution. The order is valued at SEK 909,000 (USD 109,494).
- Heliospectra announces its sixth order from a global Fortune 500 AgTech company. The following order includes Heliospectra's E60 series, signaling how leading AgTech-companies continue to standardize on Heliospectra's proven LED solutions. The order, valued at around SEK 2,723,000 (USD 328,482), is in addition to five previous orders from this customer in 2015 and 2017.
- Heliospectra announces a new order from Revered of Aurora, Colorado. Revered, which focuses on both medicinal and recreational products, has been a leading company in Colorado's cannabis market since 2014. It has chosen to invest in Heliospectra's intelligent LX60 LED lighting solution as part of its continued expansion and enhanced brand portfolio. The order is worth SEK 741,740 (USD 88,130).

## Financial Report

SEK THOUSAND	January – December		
	2017	2016	
Order intake	43 814	22 729	93%
Net sales	36 039	23 053	56%
Operating loss	-33 089	-42 784	23%
Loss before tax	-33 171	-45 763	28%

### SALES AND FINANCIAL PERFORMANCE, OCTOBER–DECEMBER

Net sales amounted to SEK 16,489 thousand (6,864). The operating loss amounted to SEK -7,478 thousand (-12,468), signifying a negative operating margin. The loss after tax was SEK -7,470 thousand (-15,354), or SEK -0.21 (-0.44) per share.

### SALES AND FINANCIAL PERFORMANCE, JANUARY–DECEMBER

Net sales amounted to SEK 36,039 thousand (23,053). The operating loss amounted to SEK -33,089 thousand (-42,784), signifying a negative operating margin. The loss after tax was SEK -33,171 thousand (-45,763), or SEK -0.94 (-1.30) per share. During 2017, lights from 2014–2016 that were on loan or used for marketing purposes have been written off as they no longer have any commercial value. They were charged to the income statement in the amount of SEK 1,219 thousand.

### CASH FLOW, OCTOBER–DECEMBER

Operating cash flow was SEK -3,556 thousand (-2,009). Total cash flow was SEK -4,543 thousand (60,556).

#### CASH FLOW, JANUARY–DECEMBER

Operating cash flow was SEK -29,511 thousand (-39,377). Total cash flow was SEK -32,307 thousand (54,092).

## 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/en/market-share/> and the 2016 Annual Report <http://ir.heliospectra.com/en/reports-downloads/>.

## Events since the end of the period

- Heliospectra announces a new order from a North American dealer. The end customer, a Canadian grower, is building an ultramodern, high-performance medicinal farming installation in Eastern Canada. The order includes Heliospectra’s intelligent LX60 LED lighting solution and is valued at SEK 5,488,411 (USD 651,200).
- Heliospectra will showcase its intelligent lighting solutions, engineering services and new HelioCORE control system at IPM Essen at stand #7A27, January 23–26 in Essen, Germany. Heliospectra will also be at the upcoming Fruit Logistica exhibition, February 7–9 in Berlin, Germany, this time in hall 8.1, stand #B-16.

## 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–March | 2018-04-27 |
| • Annual General Meeting   | 2018-06-14 |
| • Half-Year Report Jan–Jun | 2018-08-24 |
| • Interim Report Jan–Sep   | 2018-10-26 |

Gothenburg, Friday, February 23, 2018  
The Board





<b>CONSOLIDATED INCOME STATEMENT</b>	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
Amounts in SEK thousand	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Net sales	16 489	6 864	36 039	23 053
Other operating income	125	1 970	729	3 189
	<b>16 614</b>	<b>8 834</b>	<b>36 768</b>	<b>26 242</b>
<b>Operating expenses</b>				
Goods for resale	-10 817	-4 423	-22 347	-15 763
Other external expenses	-7 025	-10 411	-23 715	-30 778
Payroll expenses	-5 188	-5 366	-19 476	-18 147
Depreciations, amortizations and impairments	-1 062	-1 102	-4 319	-4 338
<b>Operating loss</b>	<b>-7 478</b>	<b>-12 468</b>	<b>-33 089</b>	<b>-42 784</b>
<b>Operating margin</b>	<b>neg</b>	<b>neg</b>	<b>negative</b>	<b>negative</b>
Total financial items	8	-2 886	-82	-2 979
<b>Loss before tax</b>	<b>-7 470</b>	<b>-15 354</b>	<b>-33 171</b>	<b>-45 763</b>
Tax				
<b>Loss after tax</b>	<b>-7 470</b>	<b>-15 354</b>	<b>-33 171</b>	<b>-45 763</b>

  

<b>Consolidated cash flow statement</b>	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
Amounts in SEK thousand	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Cash flow before change in working capital	-6 408	-14 252	-28 852	-41 425
Change in working capital	2 852	12 243	-659	2 048
Operating cash flow	-3 556	-2 009	-29 511	-39 377
Cash flow from investing activities	-937	-1 375	-2 296	-5 121
Cash flow from financing activities	-50	63 940	-500	98 590
<b>Cash flow for the period</b>	<b>-4 543</b>	<b>60 556</b>	<b>-32 307</b>	<b>54 092</b>
<b>Cash and cash equivalent at beginning of period</b>	<b>45 176</b>	<b>12 384</b>	<b>72 940</b>	<b>18 848</b>
<b>Cash and cash equivalents at end of period</b>	<b>40 633</b>	<b>72 940</b>	<b>40 633</b>	<b>72 940</b>

  

<b>Key indicators</b>	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Earnings per share after tax, SEK	-0,21	-0,44	-0,94	-1,30
Operating margin, %	neg	neg	negative	negative
EBITDA, SEK thousands	-6 416	-11 366	-28 770	-38 446
EBITDA margin, %	neg	neg	negative	negative



<b>CONSOLIDATED BALANCE SHEET</b>	<b>2017-12-31</b>	<b>2016-12-31</b>
Amounts in SEK thousand		
<b>Assets</b>		
Intangible assets	14 934	16 519
Property, plant and equipment	1 148	1 586
<b>Total assets</b>	<b>16 082</b>	<b>18 105</b>
Inventories	7 589	8 178
Current receivables	10 021	6 000
Cash and cash equivalents	40 633	72 940
<b>Total current assets</b>	<b>58 243</b>	<b>87 118</b>
<b>Total assets</b>	<b>74 325</b>	<b>105 223</b>
<b>Equity and liabilities</b>		
Shareholders' equity	48 303	81 474
Non-current liabilities	10 400	10 900
Current liabilities	15 622	12 849
<b>Total shareholders' equity and liabilities</b>	<b>74 325</b>	<b>105 223</b>

<b>Change in consolidated equity</b>	<b>2017</b>	<b>2016</b>
Amounts in SEK thousand	Jan-Dec	Jan-Dec
Opening shareholders' equity	81 474	28 147
Loss for the period after tax	-33 171	-45 763
New share issue		1 649
Share premium reserve		97 441
<b>Closing equity</b>	<b>48 303</b>	<b>81 474</b>

<b>Key indicators</b>	<b>2017-12-31</b>	<b>2016-12-31</b>
Number of shares, thousands	35 112	35 112
Equity/share, SEK	1	2
Equity/assets ratio	65%	77%
Quick ratio	324%	614%

## Accounting Policies and Notes

This year-end 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

### QUICK RATIO

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

### OPERATING MARGIN

Operating profit/loss 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 excluding depreciations, amortizations and impairments

### EBITDA MARGIN

EBITDA in relation to total sales

### EQUITY/SHARE

Equity in relation to total shares

## 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 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

<b>SHAREHOLDERS</b>	<b>NUMBER OF SHARES</b>	<b>EQUITY INTEREST</b>
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	1,900,991	5.4%
Bank of New York Mellon, corp. W9	1,777,992	5.1%
PIBA AB	386,000	1.1%
Magowny Invest AB	340,689	1.0%
Belmondo AB	260,800	0.7%
Chrilotte AB	260,800	0.7%
Other owners	12,175,557	34.7%
<b>TOTAL SUM:</b>	<b>35,111,576</b>	<b>100.0%</b>

The total number of shareholders is approximately 3,300.

## 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%.

The Annual General Meeting of June 14, 2017 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 during the period September 1, 2019 through October 31, 2019. Based on this, dilution will be around 2%.

## Certified Adviser

Redeye AB  
Box 7141  
103 87 Stockholm

## Heliospectra Total Solutions





## 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/en/market-share/> and the 2016 Annual Report, <http://ir.heliospectra.com/en/reports-downloads/>.

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

**For further information, please contact**

CEO Ali Ahmadian, +46 (0)722-036344, [ali.ahmadian@heliospectra.com](mailto:ali.ahmadian@heliospectra.com)

Chairman of the Board Andreas Gunnarsson, +46 (0)702-040945, [andreas.gunnarsson@midroc.se](mailto:andreas.gunnarsson@midroc.se)

CFO Håkan Bengtsson, +46 (0)705-558902, [hakan.bengtsson@heliospectra.com](mailto:hakan.bengtsson@heliospectra.com)



heliospectra™

Heliospectra AB (publ)

Org. nr 556695-2205  
Box 5401  
SE-402 29 Gothenburg

P: +46 (0)31 - 40 67 10  
[www.heliospectra.com](http://www.heliospectra.com)

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