



Year-End Report 2017, Heliospectra AB (publ)

(GOTHENBURG, Sweden / SAN FRANCISCO, CA, February 23, 2018) – 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 2017.

Financial Report

October-December:

- Net sales amounted to SEK 16,489 thousand (6,864)
- Operating profit/loss was KSEK -7,478 (-12,468), involving a negative operating margin (neg)
- Profit/loss after tax was KSEK -7,470 (-15,354) or SEK -0,21 (-0,44) per share
- Operating cash flow was KSEK -3,556 (-2,009). Total cash flow was KSEK -4,543 (60,556)

January-December:

- Net turnover was KSEK 36,039 (23,053)
- Operating profit/loss was KSEK -33,089 (-42,784) involving a negative operating margin (neg)
- Profit/loss after tax was KSEK -33,171 (-45,763) or SEK -0,94 (-1,30) per share
- Operating cash flow was KSEK -29,511 thousand (-39,377). Total cash flow was KSEK -32,307 thousand (54,092).

	January – December		
SEK thousand	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%

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. 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

- 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).

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.

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)

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

Investor Relations:

Ali Ahmadian, CEO of Heliospectra | +46 (0)72 203 6344 | ir@heliospectra.com

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<http://www.heliospectra.com>

About Heliospectra

Heliospectra AB (publ) (OTCQB: HLS, FIRST NORTH: HELIO) is the industry's most proven intelligent lighting technology for greenhouse and controlled plant growth environments. With the vision to make commercial crop production more connected and resource-efficient, growers and commercial producers across six continents use Heliospectra holistic and flexible solutions to consistently increase yields while producing crops that achieve quality appearance, superior nutritional or medicinal value and longer shelf life, harvest after harvest. Founded in 2006 and winner of multiple international awards and recognitions, Heliospectra has raised more than \$32 million in capital to date. As a publicly traded company, the majority ownership remains with some of Heliospectra earliest investors [Weland Steel](#), [Swedish Industrial Fund](#) and [Midroc New Technology](#). 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 08.10 CEST / 3.10 AM EST on February 23, 2018.