



heliospectra™



Heliospectra AB (publ)

2016

YEAR END REPORT

CEO's Comments

Dear Shareholder of Heliospectra AB (publ),

Heliospectra continues to develop well. Turnover increased by 75% from 2015 to 2016 while there was an increase in marketing efforts and strategic product development continued. The company's strategy to focus on three segments – agtech companies/institutions/universities, greenhouses/indoor cultivation and medicinal plants – has clearly been successful. All segments are growing strongly and Heliospectra has gained a very firm foothold in each market segment with key reference customers. Market factors are also favouring the company with increased urbanisation, demands for better and more nutritious food, significant climate change, increased automation and the increasing development of medicinal plants. The company made major investments in marketing during the year, and we expect this to have positive effects during 2017.

As departing CEO, I can look back on amazing developments over the past seven years. I started as a part-time consultant in 2010, hired by the main owners to evaluate the market, technology and the company's position. Even then we could confirm that Heliospectra possessed amazing competence, and with in-depth knowledge of how plants function we have learned how different kinds of lighting levels can affect plants in order to optimise taste, content, form, quality and life span, while at the same time you can replace old kinds of lamps and save large amounts of energy. Furthermore, the fact that we were working on something that was important for mankind became clearer still, as we then noted changes in the weather that were creating problems for growers.

From the company's beginnings in 2006 there was a vision of a hi-tech cultivation system that combined adjustable lamps with sensors and software. This formed the basis of the company's very first patent, which was submitted in 2008 and has now been approved virtually all over the world. The original patent was then supplemented and there is now a full patent portfolio to protect Heliospectra's technology. The company has purposefully developed the system and has now finally reached a technological milestone, as in February 2017 we held our first seminar on DLI (Daily Light Integral), in which we showed how we can automatically maintain desired light levels in the greenhouse by using sensors and software to control our lamps. To this we can connect our weather forecasts and energy prices in order to optimise energy consump-

tion and thus bring energy savings to the system itself in addition to the direct savings generated by our lamps. The market has already highlighted the system with articles and presentations online.

Heliospectra's position in the market and growth potential has enabled us to attract a very competent CEO who will take the company forwards. It feels reassuring for me to hand over the helm to Ali Ahmadian, and it will be exciting to monitor future developments. Ali has a background as a successful entrepreneur, after which he spent much of his life in business development, sales and international marketing at Tetra Pak. All in all, this is an ideal combination to take Heliospectra on to new successes.

For me personally, it has been an honour to take Heliospectra to this position, and I would like to thank everyone who has been with us on the journey and supported us, but above all my employees who have done the work. The future looks bright for the company and for plants.

Staffan Hillberg, CEO until 31 January 2017
Heliospectra AB (publ)



¹ <http://www.hortidaily.com/article/32097/Does-your-winter-greenhouse-tomato-know-what-it-could-yeild> och <http://bit.ly/2jtQR4R>



IMPORTANT EVENTS

JANUARI – MARS

- Redeye launches a company analysis of Heliospectra under the title “LED Lighting Strikes Growers”.
- Heliospectra (publ) receives a grant of SEK 500,000 – to develop energy-efficient and water-efficient cultivation of plants in the Middle East.
- Heliospectra carries out senior recruitment of leading industry manager in the USA, Caroline N Wells.
- Heliospectra wins major orders worth SEK 2.2 million from growers in Washington State.
- Heliospectra wins a new order in Canada worth SEK 650,000.

APRIL – JUNI

- Scandinavian algae producer chooses Heliospectra’s LX60 LED lighting, an order valued at SEK 1.4 million.
- Heliospectra announces water-cooled LED lamp for commercial use – the first application will be in space.
- Heliospectra presents research results at the 8th International Symposium on Light in Horticulture.
- Heliospectra takes part in GreenTech 2016, one of the world’s biggest trade fairs for cultivation technology.
- The Grove Nevada experiences unsurpassed, positive results from their cultivation facility with Heliospectra’s LED growing lamps.
- Heliospectra receives an order valued at SEK 4.6 million from a major international agtech company.

JULI – SEPTEMBER

- Heliospectra receives an order from cannabis growers in Alaska.
- Fortune 500 global agtech company standardises using technology from Heliospectra.

OKTOBER – DECEMBER

- Heliospectra lamps installed in advanced plant research facility.
- The Board of Heliospectra investigated whether the company’s equity was less than half of the company’s registered share capital by preparing a balance sheet for liquidation purposes. The Board confirmed that there was no actual capital deficiency either as of 30 September 2016, before or during the remaining time until the share issue. The conditions for continued operation could therefore not have been called into question at any time during the period.
- An extraordinary general meeting was held on 8 November 2016.



- The company's main owner issued capital adequacy guarantees that guaranteed that equity does not at any time fall below the registered share capital. The guarantees were in force until the share issue, which was also guaranteed in full by one of the main owners.
- Heliospectra's preferential share issue of approximately SEK 91 million, which was concluded on 2 December 2016, was oversubscribed. In view of the high level of demand from both new and existing shareholders, the oversubscription issue was exercised to an amount of approximately SEK 16 million. Heliospectra thus received a total of approximately SEK 107 million before share issue costs and just under 1,200 new shareholders.
- The company Fleurish Farms achieves success in the field of energy-efficient cannabis growing with a solution that integrates equipment that captures sunlight with Heliospectra's technology.

FINANCIAL REPORT

TURNOVER AND PROFIT/LOSS, JULY – DECEMBER

Net turnover totalled SEK 13,185 (9,709) thousand. The operating profit/loss totalled SEK -22,609 (-18,256) thousand, representing a negative operating margin (neg). The profit/loss after tax was SEK -25,525 (-19,717) thousand or SEK -1 (-1) per share.

TURNOVER AND PROFIT/LOSS, JANUARY – DECEMBER

Net turnover totalled SEK 23,053 (13,686) thousand. The operating profit/loss totalled SEK -42,762 (-32,360) thousand, representing a negative operating margin (neg). The profit/loss after tax was SEK -45,763 (-33,954) thousand or SEK -1 (-2) per share.

CASH FLOW, JULY – DECEMBER

Operating cash flow was SEK -14,261 (-16,458) thousand. Total cash flow was SEK 68,346 (11,621) thousand. Heliospectra's preferential share issue of approximately SEK 91 million, which was concluded on 2 December 2016, was oversubscribed. In view of the high level of demand from both new and existing shareholders, the oversubscription issue was exercised to an amount of approximately SEK 16 million. Heliospectra thus received a total of approximately SEK 107 million before share issue costs. All bridging loans taken out during 2016 were repaid in conjunction with the share issue.

CASH FLOW, JANUARY – DECEMBER

Operating cash flow was SEK -38,252 (-31,979) thousand. Total cash flow was SEK 54,092 (12,721) thousand. Heliospectra's preferential share issue of approximately SEK 91 million, which was concluded on 2 December 2016, was oversubscribed. In view of the high level of demand from both new and existing shareholders, the oversubscription issue was exercised to an amount of approximately SEK 16 million. Heliospectra thus received a total of approximately SEK 107 million before share issue costs. All bridging loans taken out during 2016 were repaid in conjunction with the share issue.



SIGNIFICANT RISKS AND UNCERTAINTIES

For a comprehensive, though not exhaustive summary of risks, please refer to Heliospectra's prospectus "Invitation to subscribe to shares, November 2016", <http://irheliospec.aaff.se/en/market-share/> and the Annual Report 2015, <http://irheliospec.aaff.se/en/reports-downloads/>.

EVENTS SINCE THE END OF THE PERIOD

- Heliospectra appoints Ali Ahmadian as new CEO. Departing CEO Staffan Hillberg will continue to be involved as an advisor to Heliospectra.
- Heliospectra makes presentation on Cannabis Investor Webcast on 26 January 2017.
- Heliospectra number 42 in Deloitte Global's 2016 Technology Fast 500™ EMEA List of the fast test-growing companies.

FUTURE PROSPECTS

The company is now starting to reap the rewards of the extensive sales campaign which began at the launch of the LX60 series. Sales work will be further intensified. The Board does not present a quantified forecast for 2017, but believes that overall the company is well positioned for an acceleration of both sales and deliveries.

KOMMANDE INFORMATIONSTILLFÄLLEN

- | | |
|-----------------------------|------------|
| • Interim report, Jan–Mar | 28/04/2017 |
| • Annual General Meeting | 14/06/2017 |
| • Half-year report, Jan–Jun | 25/08/2017 |
| • Interim report, Jan–Sep | 27/10/2017 |

Gothenburg, 24 February 2017.
The Board



Consolidated income statement	2016	2015	2016	2015
Amounts in thousand kronor (SEK)	July–Dec	July–Dec	Jan–Dec	Jan–Dec
Net turnover	13,185	9,709	23,053	13,686
Other operating income	2,161	784	3,189	2,190
	15,346	10,493	26,242	15,876
Operating expenses				
Commodities	-8,919	-9,224	-15,763	-12,109
Other external costs	-17,256	-10,959	-30,756	-19,921
Staffing costs	-9,578	-6,544	-18,147	-12,320
Depreciation and amortisation	-2,202	-2,023	-4,338	-3,887
Operating profit/loss	-22,609	-18,256	-42,762	-32,360
Operating margin	neg.	neg.	neg.	neg.
Total financial items	-2,894	-1,461	-2,979	-1,594
Profit/loss before tax	-25,503	-19,717	-45,741	-33,954
Tax	-22		-22	
Profit/loss after tax	-25,525	-19,717	-45,763	-33,954

Consolidated cash flow statement	2016	2015	2016	2015
Amounts in thousand kronor (SEK)	July–Dec	July–Dec	Jan–Dec	Jan–Dec
Cash flow before change in working capital	-23,301	-17,694	-41,403	-30,067
Tax paid	-22		-22	
Change in working capital	9,061	1,237	3,172	-1,911
Operating cash flow	-14,261	-16,458	-38,252	-31,979
Cash flow from investing activities	-2,698	-2,836	-5,141	-4,103
Cash flow from financing activities	85,305	30,915	97,485	48,803
Cash flow for the period	68,346	11,621	54,092	12,721
Cash and cash equivalents at beginning of period	4,594	7,227	18,848	6,127
Cash and cash equivalents at end of period	72,940	18,848	72,940	18,848

Key ratios	2016	2015	2016	2015
	July–Dec	July–Dec	Jan–Dec	Jan–Dec
Turnover per share, SEK	0.4	0.6	0.7	0.9
Profit/loss per share after tax, SEK	-1	-1	-1	-2
Operating margin, %	neg.	neg.	neg.	neg.
EBITDA, SEK thousand	-20,407	-16,233	-38,424	-28,473
EBITDA margin, %	neg.	neg.	neg.	neg.



Consolidated balance sheet	12/31/2016	12/31/2015
Amounts in thousand kronor (SEK)		
Assets		
Intangible assets	16,519	16,083
Tangible assets	1,586	1,239
Financial assets	20	0
Total fixed assets	18,125	17,322
Stock held	8,178	6,846
Current receivables	5,980	6,930
Cash and bank	72,940	18,848
Total current assets	87,098	32,624
Total assets	105,223	49,946
Equity and liabilities		
Equity	81,474	28,147
Long-term liabilities	10,900	12,505
Current liabilities	12,849	9,295
Total equity and liabilities	105,223	49,946

Changes in consolidated equity	2016	2015
Amounts in thousand kronor (SEK)	Jan-Dec	Jan-Dec
Opening equity	28,147	16,099
Profit/loss for the period after tax	-45,763	-33,954
New share issue	1,649	483
Share premium reserve	97,441	45,519
Closing equity	81,474	28,147

Key ratios	12/31/2016	12/31/2015
Number of shares, thousands	35,112	18,622
Equity/share, SEK	2	2
Equity/assets ratio	77%	56%
Liquidity	614%	277%

ACCOUNTING POLICIES AND NOTES

The year end report has been prepared in accordance with the Swedish Annual Accounts Act and the Swedish Accounting Standards Board's General Recommendations BFNAR 2012:1 Annual Accounts and Consolidated Accounts (K3). The accounting policies remain unchanged compared with those applied in the annual report for 2015 and described in the aforementioned annual report. Unless otherwise specified, all amounts are reported in thousand Swedish kronor (SEK).

DEFINITIONS

TURNOVER PER SHARE

Total turnover in relation to number of shares

OPERATING MARGIN

Operating profit/loss in relation to total turnover

EBITDA MARGIN

EBITDA in relation to total turnover

EQUITY/ASSETS RATIO

Equity in relation to total assets

PROFIT/LOSS PER SHARE AFTER TAX

Profit/loss after tax in relation to number of shares

EBITDA

Operating profit/loss excl. depreciation and amortisation

EQUITY/SHARE

Equity in relation to number of shares

LIQUIDITY

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

THE SHARE

The shares have been established in accordance with Swedish law and are denominated in Swedish kronor.

There is only one share class. The shares are issued in the name of the holder and the share register is maintained electronically by Euroclear Sweden.

The share capital in Heliospectra totals SEK 3,511,157.60, divided into 35,111,576 shares with a quota value of SEK 0.10.

Heliospectra's shares and warrants have been traded on First North from 18 June 2014.

Ticker symbol on First North: HELIO

The share's ISIN code: SE0005933082

Heliospectra can also be traded via a so-called ADR in the US on the OTC Markets through BNY Mellon.

The ticker symbol for ADR on OTC Markets is OTCQB: HLSPY

CUSIP code for ADR: 423281104

Certified Adviser

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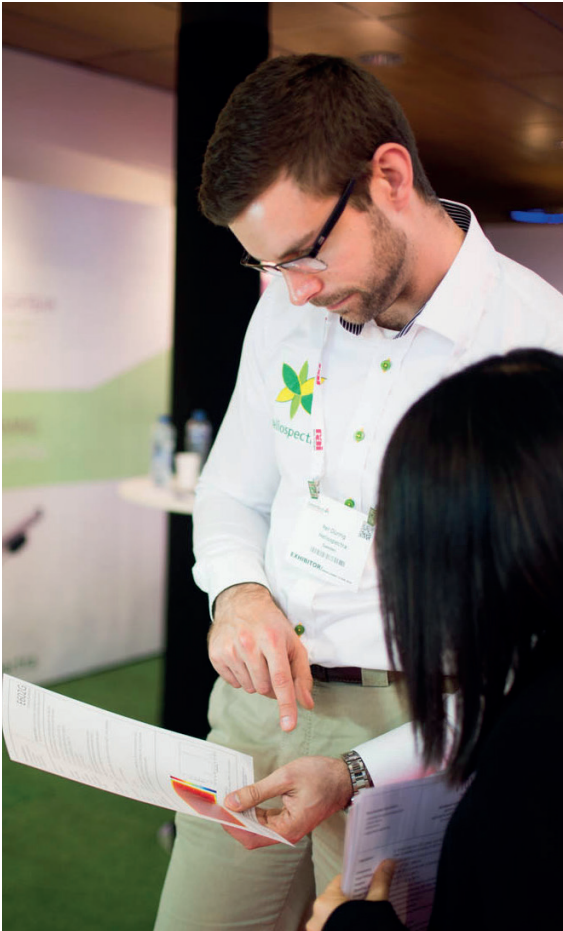
OWNERSHIP LIST

SHAREHOLDERS	NUMBER OF SHARES	SHAREHOLDING
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%
THE INDUSTRIFONDEN FOUNDATION	2,393,409	6.8%
THE AVANZA PENSION INSURANCE COMPANY	2,151,769	6.1%
NORDNET PENSIONS FÖRSÄK- RING AB	1,031,738	2.9%
BANK OF NEW YORK, NQI	1,013,412	2.9%
PIBA AB	386,000	1.1%
MAGOWNY INVEST AB	340,689	1.0%
BELMONDO AB	260,800	0.7%
OTHER SHAREHOLDERS	11,918,421	33.9%
TOTAL:	35,111,576	100.0%

The total number of shareholders is around 3,100.

STOCK OPTIONS FOR SENIOR EXECUTIVES

A resolution was passed at the Annual General Meeting on 14 June 2016 on a stock options programme for senior executives and employees. It is made up of 770,000 options, in which each option entitles the holder to one new share at a subscription price of SEK 14 per share during the period from 1 September 2018 to 31 October 2018 inclusive. The dilution from this may be approximately 2%.



HELIOSPECTRA IN BRIEF

Heliospectra (publ – listed on Nasdaq OMX First North) was founded in 2006 and specialises in intelligent lighting technology for plant research and greenhouse cultivation. Heliospectra's products are based on in-depth knowledge of plant physiology and photosynthesis, together with a unique method of assimilating modern LED technology.

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 over USD 2.6 million through academic grants. Heliospectra has also received numerous awards for its forward-thinking technology. For further information, please refer to Heliospectra's prospectus "Invitation to subscribe to shares, November 2016", <http://irheliospec.aaff.se/en/market-share/> and the Annual Report 2015, <http://irheliospec.aaff.se/en/reports-downloads/>.





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

For further information, please contact

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Year End Report 2016
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