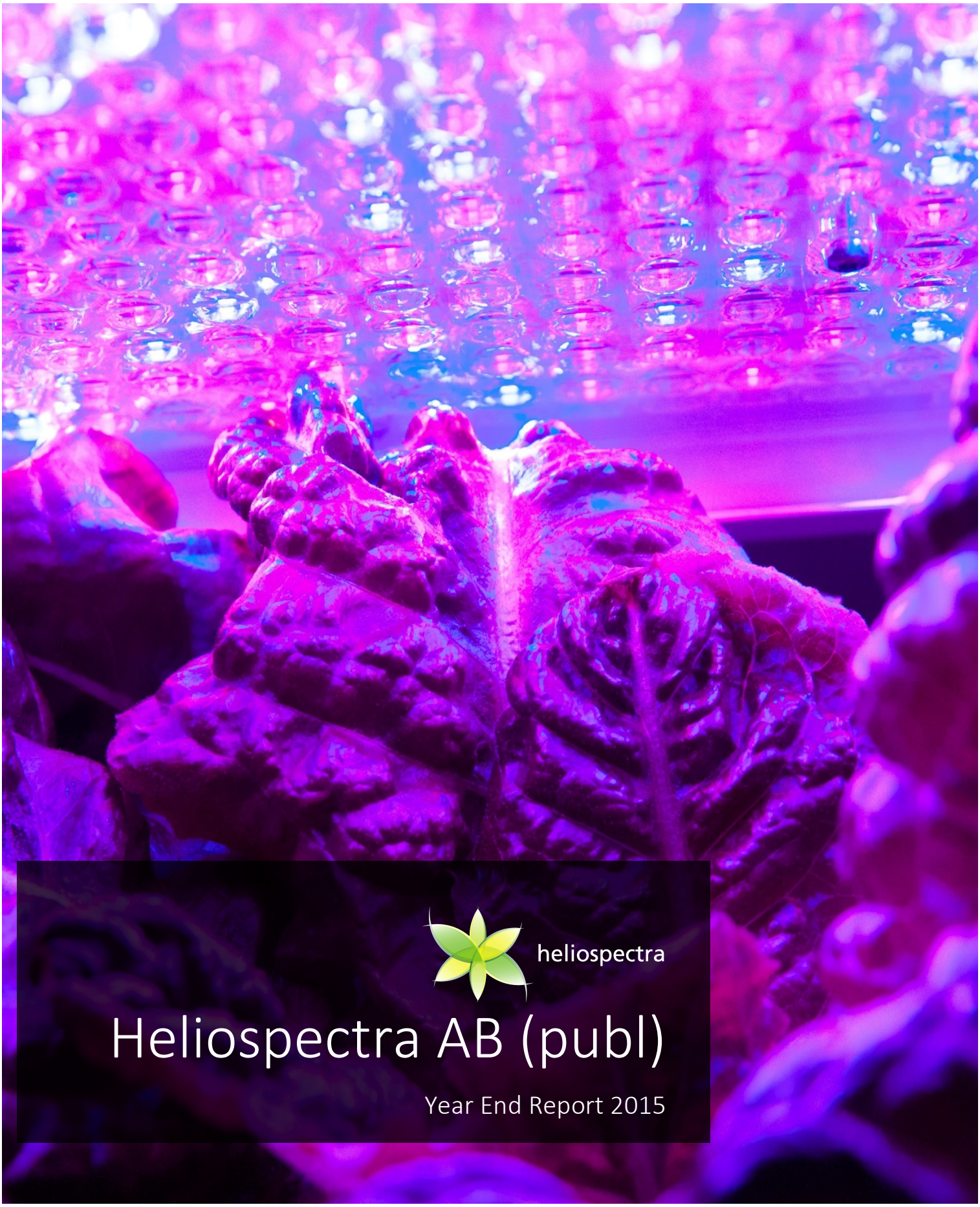


heliospectra

Heliospectra AB (publ)

Year End Report 2015

Heliospectra AB (publ)
Company No. 556695-2205
Box 5401
SE-402 29 Gothenburg
Phone: +46 (0)31 - 40 67 10
www.heliospectra.com

Heliospectra AB (publ)
Year End Report 2015

CEO's comments:

Dear Heliospectra AB shareholder,

When we look back at 2015, we can see that this year has been the year of Heliospectra's breakthrough in the market. We have more than quadrupled the turnover from SEK 3.1 million to SEK 13.7 million (340%) and we sense a strong momentum going into 2016.

During the end of 2014, we launched the LX60 and the RX30 series based on the same technical platform. LX60 is primarily sold to traditional growers of vegetables and flowers, as well as growers or medical cannabis. RX30 is more focused on research-intensive customers such as universities, institutions and large, international companies selling seeds, nutrients and pesticides – so-called agtech companies. It is interesting to note that researchers have now started to specify Heliospectra equipment when applying for research grants.

LX60 accounted for the largest share of turnover in 2015 and the company has increased production to meet the demand. The largest single order so far was worth SEK 5.7 million and was for a grower of medical cannabis in Las Vegas. The strategy is to meet customers at conferences and events and then follow this up with smaller pilot schemes which result in larger orders. As Heliospectra focuses on larger industrial volume clients, it is important to have direct contact in parallel with the distribution and sales channels that the company is establishing. An important aspect of the sales process is having satisfied customers acting as references for new, potential customers so that growers can talk to other growers. Overall, this has been a successful strategy.

During the third quarter, Heliospectra launched the E60 series which is a simplified version of LX60 and is based on the same technical platform, primarily intended for greenhouse growers. At the same time, a so-called lightbar was launched with is an oblong light fitting aimed at the fast-growing market for vertical growing in a controlled indoor environment. Just like LX60 and RX30, E60 and the lightbar has been developed in close co-operation with international customers. One result of this is that the company quickly received an order for lightbars worth SEK 1.8 million from an international greenhouse grower.

According to independent market analyses, all the markets Heliospectra operates in are growing rapidly. The market for medical cannabis in the USA is one of the fastest growing industries in North America. To date, Canada and 23 US states have legalised the growing of cannabis for medical purposes and a further four states will vote on this in 2016. Globally, there has been legalisation in Israel, Uruguay and parts of Australia and discussions are ongoing in many other countries. According to MarketsandMarkets, the market for LED lights for cultivation is growing at 26% per year, from USD 589 million to USD 1,940 million from 2015 to 2020. The traditional greenhouse market is still the largest but at the same time, the markets for vertical and indoor growing are expanding quicker and, put together, will be as large as the greenhouse market. Heliospectra is highlighted as one of the most interesting companies on the market with the right type of products.

The primary focus of the company is sales and all the surrounding activities which drive the sales process. At the same time, Heliospectra continues its innovative product development. Heliospectra has market-leading products and it is important to develop these further. The company's competence is mainly within product development and software development which is why all hardware manufacturing is done by subcontractors. The basis of the success is close co-operation with both customers and suppliers.

Compared with many other listed development companies, Heliospectra has a solid ownership structure with the three largest shareholders Weland, Industrifonden and Midroc. This, along with competent staff, fast-growing markets and world-leading products will ensure our continued success.

Staffan Hillberg, CEO
Heliospectra AB

Important events

January-March

- A first order worth SEK 1 million from growers in Washington State.
- Gothenburg Botanical Garden reports overwhelmingly positive results from the use of Heliospectra's system

April–June

- Co-operation established with Dixie Brands and American Cannabis, two of the largest brands in medical cannabis.
- A study from American University of Akron Research Foundation shows that lettuce grown using Heliospectra's system is significantly better than with traditional HPS lights and competing LED lights.
- A unique collaboration with the state of Qatar to construct a demonstration facility in Qatar showing the Gulf states how to grow with reduced water consumption in hot countries.
- The first patent application is also approved in Canada in addition to the US, Japan, China, Hong Kong and Russia.
- Viridian Capital publishes an analysis of Heliospectra.
- Dr. Sue Sisley is made head of co-operation within medical cannabis where they primarily use CBD which does not have any drug-related effects

July–September

- Heliospectra's CEO makes a presentation to investors in the US via Webinar.
- The largest order ever equal to USD 672 thousand (SEK 5.7 million) from growers in Las Vegas in co-operation with American Cannabis. Installation during Q4.
- Heliospectra makes a presentation to investors at the well-known MoneyShow in San Francisco.
- Heliospectra has a targeted new share issue – brings in SEK 25 million to the company.
- Leading analyst firm includes Heliospectra in new Greenhouse and LED growing lamps report
- Heliospectra expands the Product portfolio – launches two new LED growing lamps
- Heliospectra's patent application also approved in Europe
- Major shareholders Weland and Midroc utilise TO 1 for subscription to Heliospectra.

October - December

- Result from subscription options add approx. SEK 22.5 million, 90% utilisation rate
- Heliospectra is included in the OTCQB Index
- Heliospectra presents at the Viridian Cannabis Investor Symposium in New York
- Heliospectra signs an order for the new product Lightbar for vertical cultivation with a European grower worth approx. SEK 1.8 million.
- Heliospectra has chosen its nomination committee for the 2016 annual general meeting.
- Heliospectra has awarded research grants of KSEK 450 for innovative studies around the simulation of flavouring and nutrients in plants using light.

Financial report

Turnover and profit/loss July - December

Net turnover was KSEK 9,709 (1,247) Operating profit/loss was KSEK -18,256 (-14,072), involving a negative operating margin (neg). Profit/loss after tax was KSEK -19,717 (-14,068) or SEK -1 (-1) per share.

Turnover and profit/loss January - December

Net turnover was KSEK 13,686 (3,110) Operating profit/loss was KSEK -32,360 (-32,901), involving a negative operating margin (neg). Profit/loss after tax was KSEK -33,954 (-33,670) or SEK -2 (-2) per share.

Cash flow July - December

Operating cash flow was KSEK -16,458 (-15,627). Total cash flow was KSEK 11,621 (-17,431). During this period, Heliospectra has carried out, firstly, a directed new share issue contributing KSEK 25,000 and secondly a new share issue via TO 1 contributing KSEK 22,510. The bridging loan of KSEK 15,000 was repaid to Weland AB in conjunction with the new share issue.

Cash flow January - December

Operating cash flow was KSEK -31,979 (-32,498). Total cash flow was KSEK 12,721 (2,596). In Q1, Heliospectra received additional loan financing of a total of KSEK 18,000 made up of an Almi business loan with a term of 6 years, KSEK 3,000 and a bridging loan from Weland AB of KSEK 15,000. In Q3-Q4, Heliospectra carried out firstly a directed new share issue contributing KSEK 25,000 and secondly, a new share issue via TO 1 contributing KSEK 22,510 million to the company. The bridging loan of KSEK 15,000 was repaid to Weland AB in conjunction with the new share issue.

Significant risks and uncertainties

For a comprehensive, though not exhaustive summary of risks, please refer to Heliospectra's prospectus April/May 2014, pages 9–12, http://ir.heliospectra.com/en/the-share/memorandum/ and the Annual Report 2014, pages 19-20, http://ir.heliospectra.com/en/financial-reports/

Events after the period

- Redeye Corporate Finance launches a company analysis of Heliospectra with the title “LED Lightning Strikes Growers”
- Heliospectra (publ) receives a grant of SEK 500,000 to develop energy and water efficient cultivation of plants in the Middle East.
- Heliospectra carries out high-level recruitment of leading industry manager in the US

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. The sales work will be further intensified. The board does not present a qualified forecast for 2016 but overall, the company is well positioned for an acceleration of sales and deliveries.

Upcoming reporting dates

- Interim report Q1 29/4/2015
- Annual General meeting 14/6/2016
- Half-year report January–June 26/8/2016
- Interim Report Q3 28/10/2016
- Year End Report 2016 24/2/2017

Gothenburg 26 February 2016,

The board

Consolidated profit and loss account *Amounts in thousands of kronor (SEK)*	2015 July-Dec	2014 July-Dec	2015 Jan-Dec	2014 Jan-Dec
Net turnover	9,709	1,247	13,686	3,110
Other operating income	784	768	2,190	1,217
	10,493	**2,015**	**15,876**	**4,327**
Operating expenses				
Commodities	-9,224	-1,127	-12,109	-2,484
Other external costs	-10,959	-7,667	-19,921	-20,030
Staffing costs	-6,544	-5,641	-12,320	-11,097
Depreciation and amortisation	-2,023	-1,652	-3,887	-3,617
Earnings before interest and taxes	**-18,256**	**-14,072**	**-32,360**	**-32,901**
Operating margin	**neg**	**neg**	**neg**	**neg**
Total financial items	-1,461	4	-1,594	-769
Profit/loss before tax	**-19,717**	**-14,068**	**-33,954**	**-33,670**
Tax				
Profit/loss after tax	**-19,717**	**-14,068**	**-33,954**	**-33,670**

Consolidated cash flow analysis *Amounts in thousands of kronor (SEK)*	2015 July-Dec	2014 July-Dec	2015 Jan-Dec	2014 Jan-Dec
Cash flow before changes in operating capital	-17,694	-12,416	-30,067	-30,053
Changes in operating capital	1,237	-3,211	-1,911	-2,445
Consolidated cash flow	-16,458	-15,627	-31,979	-32,498
Cash flow from investment activities	-2,836	-1,902	-4,103	-5,903
Cash flow from financing activities	30,915	98	48,803	40,997
Cash flow for the period	**11,621**	**-17,431**	**12,721**	**2,596**
Cash and cash equivalents at beginning of period	**7,227**	**23,575**	**6,127**	**3,531**
Cash and cash equivalents at end of period	**18,848**	**6,144**	**18,848**	**6,127**

Ratios	2015 July-Dec	2014 July-Dec	2015 Jan-Dec	2014 Jan-Dec
Turnover per share, SEK	0.6	0.1	0.9	0.3
Profit/loss per share after tax, SEK	-1	-1	-2	-2
Operating margin, %	neg	neg	neg	neg
EBITDA, KSEK	-16,233	-12,420	-28,473	-29,284
EBITDA margin, %	neg	neg	neg	neg

Consolidated balance sheet *Amounts in thousands of kronor (SEK)*	31/12/2015	31/12/2014
Assets		
Intangible assets	16,083	15,116
Tangible assets	1,239	1,990
Financial assets	0	0
Total fixed assets	17,322	17,106
Stock held	6,846	4,249
Current receivables	6,930	4,101
Cash and bank	18,848	6,127
Total current assets	32,624	14,477
Total assets	**49,946**	**31,583**
Equity and liabilities		
Equity	28,147	16,099
Long-term liabilities	12,505	9,704
Short-term liabilities	9,295	5,780
Total equity and liabilities	**49,946**	**31,583**

Changes in consolidated equity *Amounts in thousands of kronor (SEK)*	2015 Jan-Dec	2014 Jan-Dec
Opening equity	16,099	8,724
Net profit for period after tax	-33,954	-33,670
New share issue	483	583
Share Premium Reserve	45,519	40,462
Closing equity	**28,147**	**16,099**

Ratios	31/12/2015	31/12/2014
Number of shares, thousands	18,622	13,791
Equity/share, SEK	2	1
Solidity	56%	51%
Liquidity	277%	177%

Accounting principles and notes

The company's financial statement bulletin has been drawn up in accordance with the Annual Accounts Act and the Swedish Accounting Standards Board's general advice, BFNAR 2012:1 Annual Report and Consolidated Financial Statements (K3). The accounting principles remain unchanged compared with those applied to the accounts for 2014 and which are described in the annual accounts, except that costs related to new share issues have been deducted directly from 2015 equity; in 2014, these costs were reported in the profit and loss statement. All amounts are reported in thousands of Swedish kronor (SEK) unless otherwise stated.

Definitions

Turnover per share	Profit/loss per share after tax
Total turnover in relation to number of shares	Profit/loss after tax in relation to number of shares
Operating margin	EBITDA
Operating profit in relation to total turnover	Operating profit excl. depreciation and amortization
EBITDA margin	Equity/share
EBITDA in relation to total turnover	Equity in relation to number of shares
Solidity	Liquidity
Equity in relation to total assets	Current receivables plus cash and cash equivalents in relation to current liabilities

Shares

The shares have been established in accordance with Swedish law and are denoted in Swedish kronor. There is only one share class. The shares are in the name of the holder and the share register is maintained electronically by Euroclear Sweden.

The share capital in Heliospectra totals SEK 1,862,219.60 distributed as 18,622,196 shares with a quota value of SEK 0.10.

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

Ticker symbol on First North: HELIO

ISIN code for the shares: SE0005933082

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

The ticker symbol for ADR on the OTCMarkets is OTCQB: HLSPY

CUSIP code for ADR: 423281104

Certified Adviser

G&W Fondkommission
111 43 Stockholm

Ownership list

Shareholders	*Number of shares*	*Shareholding*
Weland Värdepapper AB	3,973,052	21.3%
Weland Stål AB	2,922,750	15.7%
The Industrifonden foundation	2,034,000	10.9%
Midroc New Technology AB	2,027,250	10.9%
Insurance Company Avanza Pension	802,108	4.3%
Nordnet Pensionsförsäkring AB	424,775	2.3%
Magowny Invest AB	340,691	1.8%
PIBA AB	311,000	1.7%
Belmondo AB	260,800	1.4%
Chrilotte AB	260,800	1.4%
Other shareholders	5,264,970	28.3%
Total:	**18,622,196**	**100.0%**

The total number of shareholders is around 1,600.

Stock options for senior management

A resolution was made at the AGM on 7 April 2014 for a stock options programme for senior management and employees. It is made up of 777,000 options where each option entitles the holder to subscribe to one new share at a subscription price of SEK 12 per share during the period from 7 March to 7 May 2016. The dilution from this will be approximately 4%.

Heliospectra in brief

Heliospectra (publ - listed on Nasdaq OMX First North) was founded in 2006 and specializes in intelligent lighting technology for plant research and greenhouse cultivation. Heliospectra 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 amassed approximately MUSD 21 of equity and has received over 2.6 million dollars through academic scholarships. Heliospectra has also received numerous awards for its forward thinking technology. For further information, please refer to Heliospectra's prospectus April/May 2014, http://ir.heliospectra.com/en/the-share/memorandum/ and the Annual Report 2014, http://ir.heliospectra.com/en/financial-reports/

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

For further information, please contact

CEO Staffan Hillberg, +46 (0)708-365944, staffan@heliospectra.com

Chairman Jan Tufvesson, +46 (0)706-442460, jan.tuf@telia.com

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