



heliospectra™



Heliospectra AB (publ)

2016

Interim Management Statement JANUARY-SEPTEMBER



A Word From the CEO

Dear shareholders of Heliospectra AB (publ),

The market for medicinal plants continues to develop rapidly. On top of the 23 states in the US where growing medicinal cannabis has been legalized, another handful are set to rule on this decision in the near future. In Australia it will be implemented by November according to a recent ruling¹. We are observing a global trend. Turkey has recently ruled to legalize controlled production in 19 provinces². Earlier this year Macedonia legalized use for medicinal purposes³. These types of discussions are going around many other European countries, where it is already possible to buy approved prescribed substances in pharmacies. We can see this same trend in Latin America, where Uruguay is one of the countries that has taken the lead.

There are a number of important driving forces behind Heliospectra's technology. FAO⁴ recently stated that climate change related to farming is already considerable, while at the same time the demand for food will increase by at least 60% by 2050. We have a situation involving a growing population and increasing urbanization. To be able handle this situation the production methods need to be improved and concede to an increased level of automation. This also drives agricultural technology companies – who develop and sell seeds, pesticides and fertilizer – to invest in new technology. Furthermore, the actual production will have to take place closer to the consumer, which accelerates the growth of “city farming” and cuts down on logistical flows. We are counting on significant changes being made to the entire value chain in the years to come.

The company's positive development continues. Compared to the same period last year we have increased our revenues by 160 %. We can also

enjoy a testimony to the confidence our customers place in us when one of the world's leading agricultural technology company places their fourth order for another 1.9 MSEK.

To continue to finance our expansion on the market, the company's board has suggested a preferential rights issue of approx. 91MSEK, with the possibility of an over allocation of approx. 20MSEK. It is very positive that our principal owners support the company and have committed to subscribe, while also making sure that the entire rights issue is fully underwritten. The raised capital mainly relates to operating capital for sales and marketing, continued product development and to strengthen the balance sheet.

With rapidly growing markets, world leading products and strong principal owners backing us we can look positively to the future.

Staffan Hillberg, CEO
Heliospectra AB (publ)



¹ www.canberratimes.com.au/act-news/medicinal-cannabis-to-be-legalised-in-australia-from-november-20160901-gr6kb5.html

² www.independent.co.uk/news/world/europe/turkey-legalises-controlled-cannabis-production-19-provinces-a7364026.html

³ www.balkaninsight.com/en/article/macedonia-allows-medical-marijuana-in-pharmacies-05-31-2016

⁴ www.fao.org/publications/sofa/en/?utm_source=faohomepage&utm_medium=web&utm_campaign=featurebar



SIGNIFICANT EVENTS

JANUARY – MARCH

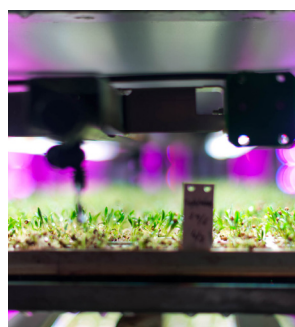
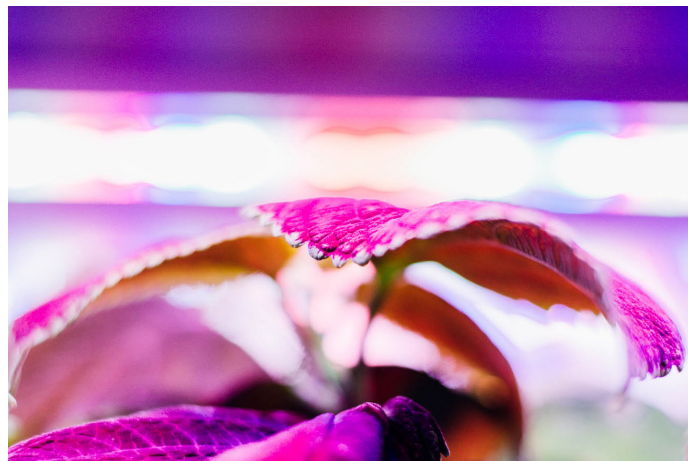
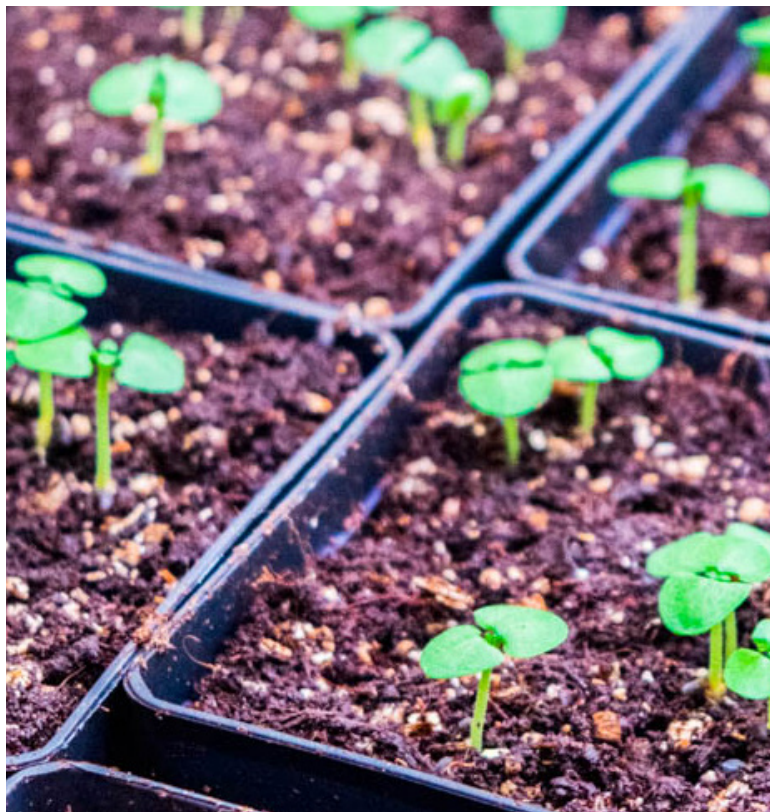
- Redeye releases a Company Report on Heliospectra entitled "LED Lightning Strikes Growers"
- Heliospectra (publ) receives a grant of 500,000 SEK for the development of energy & water-efficient plant cultivations in the Middle East
- Heliospectra carries out high-level recruitment of leading industry manager in the United States, Caroline N Wells
- Heliospectra receives an order worth 2.2MSEK from Washington State based grower
- Heliospectra wins a new order in Canada worth 650,000 SEK

APRIL – JUNE

- Scandinavian microalgae producer selects Heliospectra's LX60 LED grow light system, the order is valued at 1,4MSEK
- Heliospectra announces water-cooled LED light for commercial use – first application to be carried out in space
- Heliospectra present new findings at the 8th International Symposium on Light in Horticulture
- Heliospectra participate in GreenTech 2016, one of the largest horticulture exhibitions in the world
- The Grove Nevada experiences exceptionally positive results by using Heliospectra's LED grow lights
- Heliospectra receives an order worth 4.6MSEK from a large international Agtech company

JULY – SEPTEMBER

- Heliospectra receives an order from a Cannabis grower in Alaska
- Fortune 500 global AgTech company standardizes on Heliospectra technology



FINANCIAL REPORT

TURNOVER AND PROFIT/LOSS JANUARY - SEPTEMBER

Net turnover amounted to 16 189 (6 063) KSEK. Operating profit/loss amounted to -30 316 (-22 442) KSEK, involving a negative operating margin (neg). Profit/loss after tax was -30 409 (-22 616) KSEK or -2 (-1) SEK per share.

KASSAFLÖDE JANUARI - SEPTEMBER

Operating cash flow was var -37 368 (-23 459) KSEK. Total cash flow amounted to -6 464 (11 016) KSEK. Heliospectra received during Q2 loan financing totaling 12 180 KSEK comprised of bridging loans from Weland AB 7 500 KSEK, Midroc New Technology AB 2 500 KSEK as well as Stiftelsen Industrifonden 2 180 KSEK. During Q3 an additional bridging loan was received from Weland AB 21 231 KSEK and Midroc New Technology AB 1 589 KSEK. All bridging loans expire with repayment on 2016-12-31.

EQUITY AS PER SEPTEMBER 30

Prior to preparing this Interim Report, the Board of Directors suspected that the company's equity was less than half of the registered share capital.

As a precaution the board immediately established a balance sheet review, in accordance with the Swedish Companies Act, Chapter 25 § 13.



The board has determined that the equity as per 2016-09-30 does not fall below half of the registered share capital according to the balance sheet, which was also reviewed by the auditor.

During October 2016 the Company's principal owner guaranteed to secure the equity capital as so that the equity would at no point amount to less than the registered share capital. The guarantees are valid until the previously announced rights issue, which is fully underwritten by one of the major shareholder.

Thus the board has concluded that any actual capital deficiency does not exist either per September 30, 2016, nor before or during the time remaining until the issue. The prospects for continued operation have not been able to be questioned at any time during the period.

SIGNIFICANT RISKS AND UNCERTAINTIES

For a comprehensive, although not exhaustive, summary of the risks please refer to Heliospectra's memorandum April/May 2014 pages 9-12, <http://ir.heliospectra.com/en/the-share/memorandum/>, as well as the Annual Report 2015 pages 20-21, <http://ir.heliospectra.com/en/financial-reports/>

EVENTS AFTER THE END OF THE PERIOD

- Heliospectra are planning to carry out a fully underwritten rights issue of approx. 91 MSEK for further commercialization of the Company's products and continued product development
- Summons for extra Shareholder's Meeting on November 8, 2016
- Heliospectra's board assessed whether or not the Company's equity is less than half of the registered share capital by establishing a balance sheet review. The board have established that there is no deficiency of capital as per 2016-09-30, nor was there any before or during the time remaining until the issue. The prospects for continued operation have not been able to be questioned at any time during the period.
- The Company's principal owners have guaranteed to secure the equity capital as so that the equity would at no point amount to less than the registered share capital. The guarantees are valid until the previously announced rights issue, which is fully underwritten by one of the major shareholder.



FUTURE PROSPECTS

The company has now begun to reap the rewards from the sales campaign, which commenced with the launch of the LX60 series. The sales work will continue to intensify. The board has not laid forth a qualified projection for 2015, but they have made an overall assessment that the company is well positioned for accelerated sales as well as deliveries.

KOMMANDE INFORMATIONSTILLFÄLLEN

- | | |
|--|------------|
| • Year End Report 2016 | 2017-02-24 |
| • Interim Management Statement Jan-March | 2017-04-28 |
| • Annual Shareholders Meeting | 2017-06-14 |
| • Half-Year Report Jan-June | 2017-08-25 |
| • Interim Management Statement Jan-Sept | 2017-10-27 |

GOTHENBURG, OCTOBER 28, 2016
BOARD OF DIRECTORS



| Consolidated balance sheet <i>Amounts in thousands (KSEK)</i> | 2016 Jan-Sept | 2015 Jan-Sept | 2015 Jan-Dec |
|---|------------------|------------------|-----------------|
| Net turnover | 16 189 | 6 063 | 13 686 |
| Other operating income | 1 219 | 1 732 | 2 244 |
| | 17 408 | 7 795 | 15 930 |
| Operating expenses | | | |
| Commodities | -11 340 | -5 132 | -12 109 |
| Other external costs | -20 367 | -13 921 | -19 668 |
| Staffing costs | -12 781 | -8 337 | -12 438 |
| Depreciation and amortization | -3 236 | -2 847 | -3 887 |
| Other operating costs | | | -188 |
| Earnings before interest and taxes | -30 316 | -22 442 | -32 360 |
| Operating margin | neg | neg | neg |
| Total financial items | -93 | -174 | -1 594 |
| Profit/loss before tax | -30 409 | -22 616 | -33 954 |
| Tax | | | |
| Profit/loss after tax | -30 409 | -22 616 | -33 954 |

| Group's cash flow analysis <i>Amounts in thousands (KSEK)</i> | 2016 Jan-Sept | 2015 Jan-Sept | 2015 Jan-Dec |
|---|------------------|------------------|-----------------|
| Cash flow before changes in operating capital | -27 173 | -19 769 | -30 067 |
| Changes in operating capital | -10 195 | -3 690 | -809 |
| Group's cash flow | -37 368 | -23 459 | -30 876 |
| Cash flow from investment activities | -3 746 | -3 413 | -4 103 |
| Cash flow from financing activities | 34 650 | 37 888 | 47 700 |
| Cash flow for the period | -6 464 | 11 016 | 12 721 |
| Cash & cash equivalents at the beginning of period | 18 848 | 6 127 | 6 127 |
| Cash & cash equivalents at end of period | 12 384 | 17 143 | 18 848 |

| Ratios | 2016 Jan-Sept | 2015 Jan-Sept | 2015 Jan-Dec |
|--------------------------------------|------------------|------------------|-----------------|
| Turnover per share, SEK | 0,9 | 0,5 | 0,9 |
| Profit/loss per share after tax, SEK | -2 | -1 | -2 |
| Operating margin, % | neg | neg | neg |
| EBITDA, KSEK | -27 080 | -19 595 | -28 473 |
| EBITDA margin, % | neg | neg | neg |



| Group's balance sheet <i>Amounts in thousands (KSEK)</i> | 9/30/16 | 9/30/15 | 12/31/15 |
|--|---------------|---------------|---------------|
| Assets | | | |
| Intangible assets | 16 367 | 16 294 | 16 083 |
| Tangible assets | 1 660 | 1 396 | 1 239 |
| Total fixed assets | 18 027 | 17 690 | 17 322 |
| Stock held | 9 276 | 7 396 | 6 846 |
| Current receivables | 10 594 | 7 577 | 6 930 |
| Cash and bank | 12 384 | 17 143 | 18 848 |
| Total current assets | 32 254 | 32 116 | 32 624 |
| Total assets | 50 281 | 49 806 | 49 946 |
| Equity and liabilities | | | |
| Equity | -2 262 | 18 523 | 28 147 |
| Long-term liabilities | 11 400 | 11 400 | 11 400 |
| Short-term liabilities | 41 143 | 19 883 | 10 399 |
| Total equity and liabilities | 50 281 | 49 806 | 49 946 |

| Changes in group's equity <i>Amounts in thousands (KSEK)</i> | 2016 Jan-Sept | 2015 Jan-Sept | 2015 Jan-Dec |
|--|------------------|------------------|-----------------|
| Opening equity | 28 147 | 16 099 | 16 099 |
| Net profit for period after tax | -30 409 | -22 616 | -33 954 |
| New share issue | | 250 | 483 |
| Other contributed capital | | 24 750 | 45 519 |
| Closing equity | -2 262 | 18 483 | 28 147 |

| Ratios | 9/30/16 | 9/30/15 | 12/31/15 |
|-----------------------------|---------|---------|----------|
| Number of shares, thousands | 18 622 | 16 291 | 18 622 |
| Equity/share | 0 | 1 | 2 |
| Solidity | -4 % | 37 % | 56 % |
| Liquidity | 56 % | 124 % | 248 % |



ACCOUNTING PRINCIPLES AND NOTES

The Interim Report has been prepared in accordance with NASDAQ OMX Stockholm's "Guidelines for preparing interim management statements", The accounting principles remain unchanged compared with those applied to the Annual Report for 2015 and which are described in said report. All amounts are reported in thousands Swedish Kroner (KSEK) unless otherwise stated.

DEFINITIONS

TURNOVER PER SHARE

Total turnover in relation to number of shares

OPERATING MARGIN

Earnings in relation to total turnover

EBITDA MARGIN

EBITDA in relation till total turnover

SOLIDITY

Equity in relation to total assets

PROFIT/LOSS PER SHARE AFTER TAX

Earnings after tax in relation to number of shares

EBITDA

*Earnings before interest and taxes excl.
depreciations and amortizations*

EQUITY/SHARE

Equity in relation to number of shares

LIQUIDITY

*Accounts receivable plus cash assets in relation
to short-term liabilities*

Certified Adviser

G&W Fondkommission

111 43 Stockholm



HELIOSPECTRA IN SHORT

Heliospectra (publ – listed on Nasdaq OMX First North) was founded in 2006 and specialize in intelligent lighting technology for plant research and horticulture 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 into international markets. The company has raised approx. 21 million dollars in captial and received over 2.6 million dollars in academic scholarships and grants. Heliospectra have also received numerous awards for their forward thinking technology. For further information please see Heliospectra's memorandum April/May 2014 <http://ir.heliospectra.com/en/the-share/memorandum/> as well as Annual Report 2015, <http://ir.heliospectra.com/en/financial-reports/>.





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

For further information, please contact

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