



Heliospectra (publ) Half Year Report January-June 2020

(GOTHENBURG, Sweden August 21st 2020)– Heliospectra AB (publ) (North American ADR OTCQB: HLSPY, and Nasdaq First North Growth Market: HELIO), a world leader in intelligent lighting technology for greenhouse and controlled plant growth environments, presents Half Year Report for January-June 2020.

Full report is enclosed to this press release and is also uploaded at www.heliospectra.com

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SUMMARY OF REPORT:

SALES AND FINANCIAL PERFORMANCE , January– June

Net sales amounted to KSEK 19 874 (16 744) which means an increase of 19% compared to last year. Of the period's sales, the MITRA product group made up 33%. The operating loss amounted to KSEK -22 242 (-20 842) KSEK, signifying a negative operating margin (neg). The loss after tax was KSEK -22 190 (-20 945).

CASH FLOW, January – June

Operating cash flow was KSEK -28 285 (-19 295). Total cash flow was KSEK -28 371 (-17 879). Of the operating cash flow, 29% (-58%) was a change in working capital.

CEO COMMENT

With the first half of 2020 behind us, I would like to extend our appreciation to the entire Heliospectra team for showing true leadership, resourcefulness and strength to our community during these challenging times. I would also like to thank you, our shareholders, for your unwavering support and commitment to our people, our vision and our purpose. As governments around the globe are working hard to control the pandemic and keep its people safe, we are working on untiringly. While remaining fully operational, we have strengthened our relationships and provided support to our grower and customers through virtual avenues. These efforts combined with an enhanced marketing strategy have resulted in significantly more leads that we have seen in previous periods. Due to the Covid-19 crisis and travel restrictions, many of our customers experienced delays in their greenfield projects, such as Nectar Farms. Additionally, in the early stages of the pandemic, there was a spike in demand for food products. This forced growers to pause plans for expansion and instead focus on supporting day to day operations. As a resulting of these dynamics and headwinds, Q2 did not yield sales as we had expected.

To compensate for the lower sales we took proactive measures to save on the bottom line. This includes restructuring our organization as well as using available government programs – specifically support from the Swedish Agency for Economic and a long-term government interest-free loan in Canada. We will see the cumulative effect of these initiatives in Q4, during which we expect to achieve a 10% reduction in operating costs.

During this uniquely challenging period, we were able to drive positive results from our research and development efforts, specifically improvements to our product and service portfolio. Furthermore, we have greatly increased our brand recognition by launching our digital marketing strategy. The initial phase was the introduction of the by Growers for Growers webinar series, which resulted in half a million impressions and produced over 2,000 quality leads (300% increase from previous period). The second part of our digital marketing initiative included the redevelopment and launch of our new website. This allows us to prominently highlight the benefits of our products and services, better communicate our global reach, and further our goal of feeding and healing the world by facilitating knowledge sharing across the grower community. This quarter we achieved sales growth of 18% compared to last year with decline in our order intake due to the reasons explained above, which affect the industry as a whole. However, we are positive about the rebound in coming quarters.

Lastly, we have strengthened our partnerships with resellers by providing virtual training and other tools that will help them effectively sell our products and services to the global community. This will help us generate new opportunities and customers.

Heliospectra's mission to redefine nature's potential has never been more relevant and timelier. While there is still uncertainty in the market, we are confident we can deliver on the strong opportunities the team is working on in the near future and we remain committed to our mission to provide exceptional products, services and support to our growers.

Ali Ahmadian,
President & CEO

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Heliospectra AB (publ) (OTCQB: HLSPY, and Nasdaq First North Growth Market: HELIO) was founded in 2006 in Sweden by plant scientists and biologists with one vision – to make crop production more intelligent and resource-efficient. Today, with customers across six continents, Heliospectra is the global leader in innovative horticulture lighting technology, custom light control systems and specialized services for greenhouse and controlled plant growth environments. Designed by growers for growers, Heliospectra builds customized LED lighting strategies and controls to automate production schedules, forecast yields and monitor crop health and performance with real-time data and response, to deliver the light plants love and the consistent results growers need.

For more information, please visit <https://www.heliospectra.com>. Company HELIO is listed at Nasdaq First North Growth Market with Redeye AB as Certified Adviser:

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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.