

Heliospectra (publ) Publish the Half-Year Report for January to June 2023

(GOTHENBURG, Sweden, Aug 25, 2023, at 08:35 CEST)– Heliospectra AB (publ), a leader in intelligent lighting technology for greenhouse and controlled plant growth environments, presents its Half-Year Report for January to June 2023.

Full report is enclosed to this press release and is also uploaded at <https://heliospectra.com/investor-relations/financial-reports-documents/reports/>.

SUMMARY OF REPORT

Sales and financial performance April – June 2023

- Order intake during the period amounted to SEK 9,503 (5,346) thousand.
- Net sales during the period amounted to SEK 10,094 (3,349) thousand.
- Operating result during the period amounted to SEK -4,656 (-10,245) thousand.
- Profit after tax was SEK -4,720 (-10,245) thousand.

Sales and financial performance January – June 2023

- Order intake during the period amounted to SEK 11,152 (7,387) thousand.
- Net sales during the period amounted to SEK 17,127 (8,911) thousand.
- Operating result during the period amounted to SEK -11,130 (-18,042) thousand.
- Profit after tax was SEK -11,194 (-18,042) thousand.

Cash flow, January – March 2023

Operating cash flow was SEK 4,974 (2,741) thousand. Total cash flow was SEK 2,711 (-2,023) thousand. Cash equivalents at the end of the period were SEK 16,196 (8,700) thousand.

CEO COMMENT

Dear Shareholders,

We are halfway through the year, and our efforts have been steadfastly directed towards addressing customer needs, extending our footprint, and enhancing the quality and efficiency of our offerings. Within this time frame, we have doubled our revenue compared to 2022, thanks to a net revenue increase of 92% after the second quarter of 2023. We also see an increase in order intake of 50% compared to last year.

While these results are positive, it's important to note that our expectations for the second quarter of 2023 were initially higher. As the quarter unfolded, several factors, including inflation, higher interest rates, reduced energy prices, and a delayed subsidizing program in the Netherlands, had a substantial impact on the horticulture lighting market. This market experienced a decline of up to -40% to -50% compared to the previous year. Consequently, many growers postponed their decisions to the third quarter, resulting in fewer potential projects and intensifying competition within the market.

Undoubtedly, the Dutch market holds immense importance for Heliospectra due to its size and significance in the horticulture sector. However, our efforts to close orders faced challenges due to a lack of reference projects. Growers often opt for more well-established vendors. To address this, our sales and marketing strategies are focused on enhancing brand awareness in the Netherlands and establishing reference growers within the ornamental and vegetable segments. To facilitate these efforts, we are planning to expand our sales and application team in Western Europe, with a strategic base in the Netherlands.

In June, we had the privilege of participating in Greentech, the world's premier Horticulture trade show held in Amsterdam. During this event, we unveiled our new marketing campaign, "Just a Perfect Day," which showcases our energy-efficient wireless solutions. This joint initiative between our marketing and sales teams is specifically targeted towards the Western European greenhouse market, with a keen emphasis on the Dutch market. As part of this campaign, we introduced a new Dutch Heliospectra website and supporting communication materials.

Our development team has made commendable efforts in realigning our product portfolio to meet the needs of commercial growers throughout 2022 and the first half of 2023. This was evident at Greentech, where we showcased our wireless solution, featuring innovative products such as the MITRA X 800W and the MITRA X Flex with dynamic far-red functionality. Additionally, our new wireless PAR sensor and the CERES LED light platform were introduced. The CERES platform, a 1000-watt high-light HPS replacement, is equipped with three targeted greenhouse spectra, pre-installed Wieland connectors, wide-beam options, and wireless dimming capabilities. This allows us to better cater to the retrofit market and high-light crops like cut flowers, tomatoes, and cucumbers. Notably, the CERES platform includes a far-red Flex version designed for end-of-day or end-of-production light treatments to expedite growth and stimulate flowering. The final step involves securing North American certification to ensure accessibility to various rebate programs for our customers.

The transformational success we've experienced is a direct outcome of the customer-centric strategy we initiated in 2022. This approach has deepened our understanding of customer needs and our ability to swiftly align our development and product offerings accordingly.

Continuing our commitment to improvement, we are excited to announce the forthcoming launch of helioCORE™ 2.0 software this fall. This upgraded version boasts a user-friendly click-and-drop feature for creating grow zones and incorporates integrated weather forecasts to enhance algorithm efficiency and DLI control. When coupled with our wireless solution, helioCORE™ allows growers to achieve up to 40% reduction in energy costs, thereby significantly lowering operational expenses. Moreover, the enhanced features render helioCORE™ eligible for rebates in specific North American states, effectively reducing investment costs and bolstering ROI for our customers.

In June, our supply chain manager and I embarked on a visit to our production partners and primary component suppliers in China and Europe. For China, this marked our first visit post-pandemic, and we were thoroughly impressed by the quality of the facilities, the professionalism of the workforce, and the established processes. This visit reinforced our confidence in our chosen partners, ensuring Heliospectra's capacity to scale while maintaining our commitment to top-tier quality. Our ongoing price negotiations have resulted in reduced production costs, leading to a decrease in COGS and an impressive 6% margin improvement, reinforcing our competitive edge in the market.

The cost reduction initiative set in motion in Q1 2022 to reduce operational expenditures and streamline production costs has yielded consistent results. When coupled with the reduced production COGS, this has culminated in an improved operating profit of 6.85 million SEK compared to 2022, representing a 38% improvement over the previous year. Although still negative, this positive trajectory underscores our progress this year.

To secure liquidity in Q1, the Heliospectra board of directors approved a rights issue in March, which garnered substantial support from the company's four largest shareholders: Weland Stål AB, Weland Värdepapper AB, Corespring New Technology AB, and Agartha AB. This endeavor resulted in approximately 82.37% subscription of the rights issue, generating issue proceeds of around SEK 21.5 million before expenses. While we anticipated that these funds would sustain us through the year, the combination of elevated development costs and delayed orders has prompted us to consider strengthening the cash flow in the coming months.

The General Annual Meeting held on June 1st welcomed three distinguished board members to Heliospectra – Peter Klapwijk, Robert Ekström, and Ofelia Madsen. Each brings a wealth of experience in the horticulture industry and tech-driven markets, and their insights and networks will be instrumental as we expand across European and Canadian markets and further fortify our robust and competitive product portfolio. I eagerly anticipate the valuable discussions and contributions that lie ahead.

In closing, as we navigate the dynamic landscape of the horticulture lighting market, our steadfast commitment to innovation, customer satisfaction, and strategic partnerships remains unwavering. We are optimistic about the future and the opportunities it holds for Heliospectra's growth and continued excellence. Thank you for your continued trust and support.

With gratitude,

Bonny Heeren,
CEO and Interim CFO
Heliospectra AB

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This information is such which 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 08:35 CEST on August 25, 2023.

Heliospectra AB (publ) (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 seven 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.