

# Board Memo: HelioGrid Energy Inc. Q2 2025 Update

**Date:** July 1 2025  
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**For:** HelioGrid Board of Directors

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## 1 Overview

HelioGrid designs, builds, and operates behind-the-meter battery systems for commercial facilities.

Q2 results show **revenue growth (+9 %)** but **margin compression (-4 pp)** as service costs and component pricing rose faster than expected.

The company remains on track to deploy **82 sites by year-end** vs. 2025 goal of 90.  
Cash runway ≈ 11 months post bridge draw.

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## 2 Financial Summary (Unaudited)

(\$ M)	Q1	Q2	Δ QoQ	FY YTD	Notes
Revenue	6.2	6.8	+9 %	13.0	New mid-sized customers
COGS	3.2	3.7	+16 %	6.9	Lithium cell prices ↑ 5 %
Gross Profit	3.0	3.1	+3 %	6.1	Margin 46 % (↓ 4 pp)
OpEx	4.1	4.0	-2 %	8.1	Hiring pause helps
EBITDA	(1.1)	(0.9)	—	(2.0)	Still negative
Cash	9.8	8.7	—	—	Runway ≈ 11 mo

*Comment:* Gross margin pressure worsened due to higher shipping and installation labor (~ +12 %).

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### 3 Operational Highlights

- **Deployments:** 18 new systems commissioned (Q1 = 14).
- **Backlog:** 54 systems (average contract size \$780 k).
- **Customer Renewals:** 96 % retention on service contracts.
- **Hardware Reliability:** MTBF improved to 17 mo (from 15 mo).
- **New Markets:** Entered Colorado and Arizona; both early stage.

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### 4 Challenges & Risks

1. **Cost Inflation:** Battery module pricing remains volatile; current suppliers offered only quarterly fixed terms.
2. **Financing Delays:** Two customers paused projects awaiting DOE loan approval → \$2.4 M revenue shift to Q3.
3. **Service Labor Availability:** Regional shortage of licensed electricians increases install lead times.
4. **Policy Dependence:** Investment Tax Credit (ITC) guidance still unfinalized for standalone storage — possible revenue timing impact.

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### 5 Strategic Initiatives

Initiative	Goal	Status	Comment
Cost-Down Program	Reduce install cost 10 %	Ongoing	Early savings ≈ 3 %
Channel Partnerships	Sign 3 new resellers	1 signed	Pipeline building

Software Revenue Pilot	Add monitoring subscription	In beta	4 customers testing
Series B Preparation	Raise \$25 M in Q4	Early talks	Banker term sheet expected Sept

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## 6 Board Discussion Points

1. **Runway & Bridge Plan:** Should we extend bridge facility or pursue equity early?  
Extending adds ~ \$400 k interest cost.
  2. **Series B Narrative:** Emphasize software pivot and recurring revenue; need data to prove gross-margin expansion.
  3. **Executive Hiring:** Proposal to add VP Sales — cost \$220 k / yr — table until profitability improves.
  4. **Strategic Partnerships:** Evaluate OEM supply agreement to stabilize pricing.
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## 7 Conclusion / Outlook

HelioGrid's core market demand remains healthy, but margin erosion and financing delays are pressuring near-term results.

Q3 focus: (1) execute cost-down plan and (2) finalize 2 OEM contracts to secure supply.

Management requests Board feedback on Series B timing and preferred capital structure (hybrid vs. straight equity).