



Interim Report Q1/2019

Prepared by

Industrial Solar Holding Europe AB

www.industrial-solar.se

May 29, 2019



Climate change is real, it is happening right now. It is the most urgent threat facing our entire species, and we need to work collectively together and stop procrastinating. We need to support leaders around the world who do not speak for the big polluters, but who speak for all of humanity, for the indigenous people of the world, for the billions and billions of underprivileged people out there who would be most affected by this. For our children's children, and for those people out there whose voices have been drowned out by the politics of greed.

Leonardo DiCaprio

Table of Contents

1	Summary of the Q1 report	4
2	Note from the CEO	5
3	Four Good reasons for Solar Heat / Global Heat Demand	6
4	Industrial Solar Reference Project JTI	7
5	Main Activities in Q1	10
6	Outlook	11
7	Q1 Financial Review (Income/Balance/Cash-Flow)	13
8	News after the Reporting Period	16
9	Updated Reporting Dates 2019	16
10	Statement from the Board and Management	17
11	Contact	17

Statement by the Board of Directors

The Board of Directors provides their assurance, that the interim report provides a fair and true overview of the company's operation, financial position and results.

Härnösand on May 28th 2019, Board of Directors

Joakim Byström	Chairman of the Board
Christian Zahler	Board member and CEO
Olle Olsson	Board member
Jürgen Peterseim	Board member
Tobias Schwind	Board member

1 Summary of the Q1 report

1st Quarter from 01.01.2019 to 31.03.2019 (01.01.2018 – 31.12.2018)

Results in Brief in TSEK	01.01.2019	* 01.01.2018
	31.03.2019	31.03.2018
The company's sales amounted to	421	-
Increase in finished goods, inventories and work in progress	0	-
Other operating income	44	-
Total Income	465	-
Cost of Material	-372	-
Personnel costs	-1.570	-
Other operating costs	-654	-
Depreciation	-31	-
Total Costs	-2.627	-
Earnings before interest and taxes	-2.162	-
Financial income/expenses	0	-
Loss after financial items	-2.162	-
Number of shares	7.596.495	-
Results per share per 31.03.2019 in SEK	- 0,28	-
Cash available end of period	12.294	-

Results in Brief

Results in Brief in TSEK	01.01.2019	* 01.01.2018
	31.03.2019	31.03.2018
Operating Income	465	-
Operating Costs	- 2.627	-
Operating Result	- 2.162	-
Result of the Period	- 2.162	-

* The business year 2018 started on August 1st 2018 when the purchased shelf company overtook the assets from the administrator and renamed the company to Industrial Solar.

2 Note from the CEO

After the successful rights issue in the last quarter 2018 we were able to ramp up our activities in the first quarter of 2019.

Our colleagues responsible for business development had numerous meetings and site visits at the premises of potential clients in Chile, Brazil, Morocco and Jordan during the first quarter, which proved the growing interest of industry in our solutions. This trend was confirmed in the meetings with our local partners in those target markets. We have received several Letters of Intent from offtakers planning to invest in our process heat technology in the near future. Furthermore we have won a call for proposals together with an industrial end user and received an order for a conceptual design.

Industrial Solar and Gasco Pty Ltd from Melbourne have signed a cooperation agreement to jointly develop the market for solar process heat systems for industrial applications in Australia, which is one of the best countries in the world having abundant solar energy resource and is as such a natural and very promising market for solar technologies.

The public funded project ProLatent, in which Industrial Solar has worked together with the Fraunhofer Institute for Solar Energy Systems and other partners on the development and integration of Phase Change Material (PCM) storage in solar thermal systems, has been successfully completed in February. Though steam storage proves to be competitive, phase change materials have increasing potential with increasing fossil fuel prices.

The shipment with the ORC turbine from France, which will be integrated into the existing Fresnel installation at Qatar Foundation, has arrived in Qatar. We're scheduling the installation with the customer.

Last but not least we're developing the next generation of our primary mirror calibration system, which ensures that the solar radiation is precisely focused onto the receiver even after many years of operation.

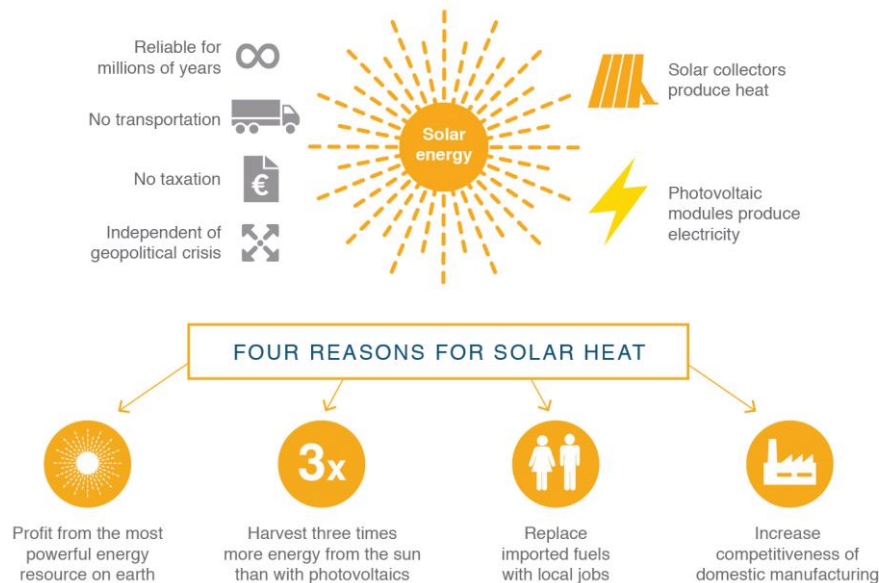
Overall Industrial Solar is on plan with technology-, system- and project-development.



Christian Zahler
CEO Industrial Solar Holding Europe AB



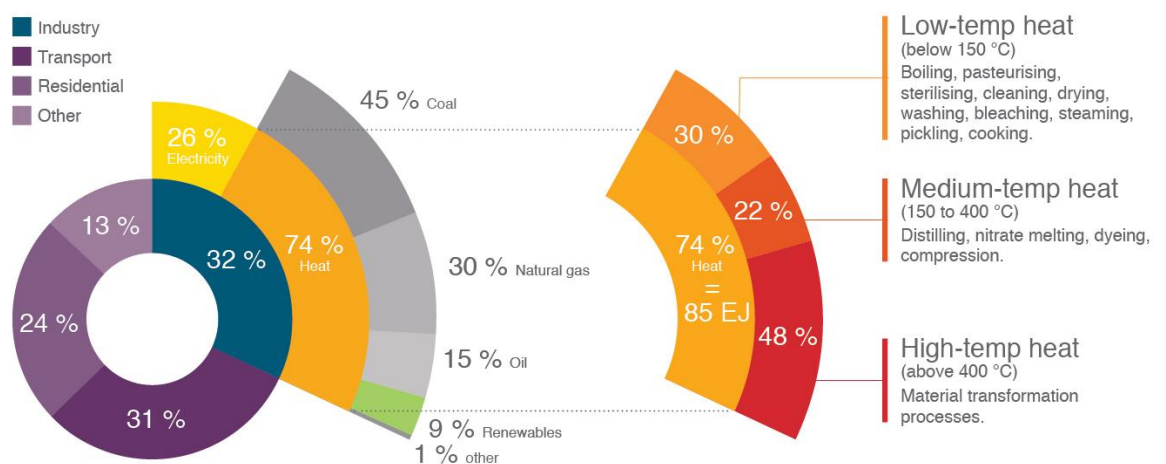
3 Four Good reasons for Solar Heat / Global Heat Demand



Using solar collectors is an efficient way to generate carbon free energy and to reduce energy costs and carbon emissions. Already more than 500 manufacturers trust solar heat worldwide, with an extremely large market potential

Global Heat Demand

What most people are not aware of is that 1/3 of global energy demand is from Industry. 3/4 of this demand is heat and not electricity. A large share of this heat can be generated by solar thermal collectors which deliver up to 3 times more energy from the sun compared to typical photovoltaic modules.



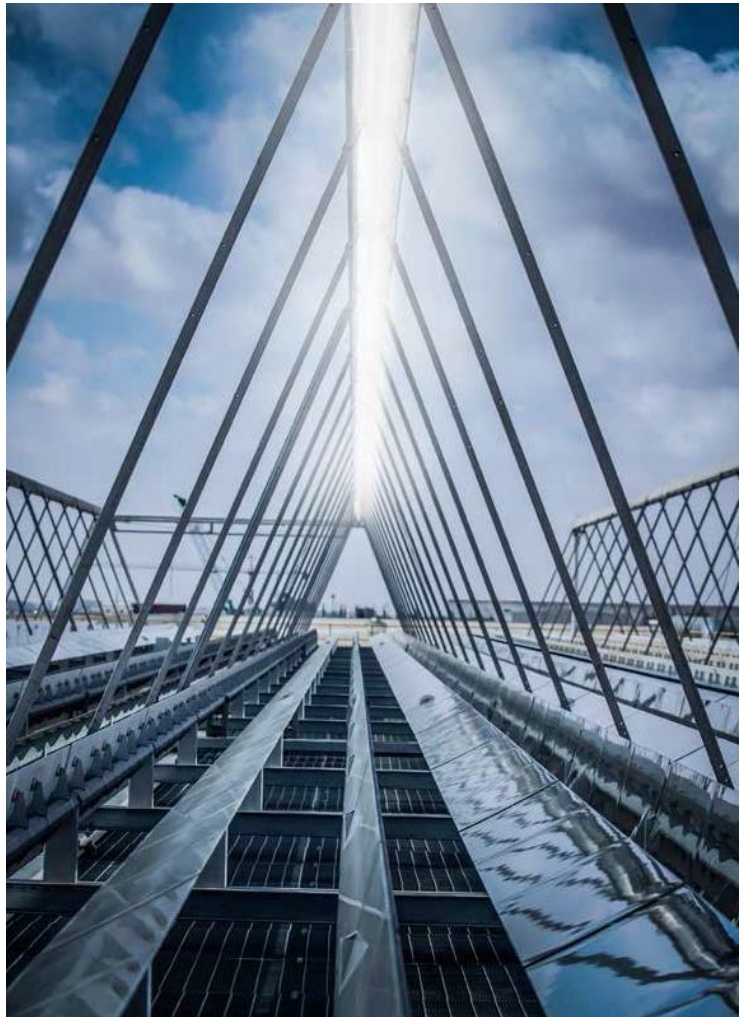
Sources: solar-payback.com

4 Industrial Solar Reference Project JTI

Japan Tobacco International (JTI) Manufacturing Jordan is the first company in the world using direct solar steam generation for jointly producing process heating and cooling.

JTI, operating in Jordan since 1999, decided to significantly reduce its carbon footprint by using solar steam generation to cover its thermal energy demands and to convert a part of the solar heat into cold.

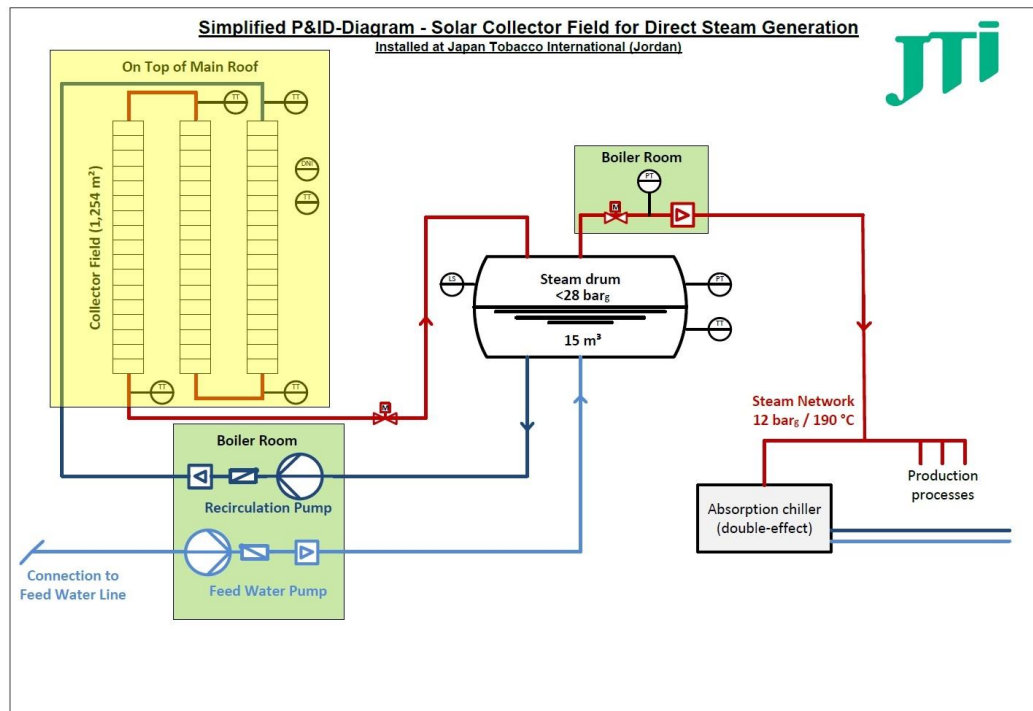
As part of JTI's strategic focus areas in building a sustainable supply chain and as one of the key enablers for business sustainability is enhancing the social and environmental impact, the 1800m² solar system on the factory roof is the first of its kind in the industry to transform heat into steam, and cover for 85% of the factory's annual steam consumption.



This does not only represent important cost savings but also significantly reduces dependency on Liquefied Petroleum Gas (LPG), which to date was used for steam generation only.

The major components of the system are the solar collector field, a steam drum and an absorption chiller converting heat into cold, as shown in below diagram. The installation was provided by Industrial Solar GmbH. Different from photovoltaic panels, the solar thermal collectors do not provide electricity but convert the sunlight direct into heat that is absorbed by a fluid and then transferred for the process where heat is needed.

The diagram below shows a system sketch.



Water is pumped through the collector field and partly evaporates due to the concentrated solar irradiation. Afterwards the fluid enters the steam drum where steam accumulates at the top and water at the bottom.

The produced steam is conducted to the JTI's steam network where part is used to supply the absorption chiller to produce cold. The water is continuously recirculated through the collector field.

The steam drum also provides 1 hour of storage that compensates for short variations in the solar irradiation due to clouds.

The already existing boiler automatically produces steam when the available sunshine is not sufficient. When steam is released to the factory, feed water is pumped into the steam drum to keep the mass balance.

First combined solar process steam and solar thermal cooling in industry worldwide

- Aperture area (mirrors surface): 1,254 m²
- Capacity: 705 kW_{th}
- Annual Yield: 1,350 MWh
- CO₂ Savings: 300 tons /a

JUST WATCH <https://youtu.be/Q3iN10MBo5s>



5 Main Activities in Q1

Ongoing Projects

Project with Qatar Foundation



Industrial Solar did build a Fresnel Collector demo system at the Qatar Science and Technology Park in 2011. In 2018 we started to engineer the integration of an ORC-turbine to generate electricity from the heat. The completion is foreseen in autumn 2019.



Conceptual Design for Sinmatex Project in Morocco

Last year the Solar Cluster Morocco, with support from the World Bank, issued a call for proposals (IndUseCSP) for pilot plants to use concentrated solar heat for industrial processes in Morocco. The consortium of Industrial Solar and Sinmatex was selected and negotiations for the implementation are ongoing. To facilitate the project Industrial Solar received a small planning order for a conceptual design in March and submitted in April. The system has a turnover potential of 500 k€.

Prolatent

Industrial Solar worked together with the Fraunhofer Institute for Solar Energy on the development and integration of Phase Change Material (PCM) storage in solar thermal systems. The aim of the project was to develop an economically viable solution for increasing the future solar share in the industrial sector with long-term storage. Although steam storage systems prove competitive, phase change materials have potential with increasing fossil fuel prices.

Internal R&D

We're developing the next generation of our primary mirror calibration system, which ensures that the solar radiation is precisely focused onto the receiver even after many years of operation.

6 Outlook

Transfer of Ship2Fair H2020 R&D Project with 2 Fresnel system installations

Industrial Solar is currently in the process of transferring the Horizon2020 R&D Project SHIP2FAIR (Solar Heat for Industrial Process towards Food and Agro Industries commitment in Renewables) with a total grant for the company of approx. 1,4 m€ and a funding rate of 70% plus overhead. Demonstration and validation will take place at four real industrial sites, representative of the agro-food sector: spirits distillation (Italy), ham-cooking (France), sugar boiling (Portugal) and wine fermentation and stabilization (Spain). SHIP2FAIR is a project developed by 15 partners from all over Europe and with the support of the European Commission. More information is available at <http://ship2fair-h2020.eu/>. Industrial Solar is already in close contact with Martini (Italy) and RAR (Portugal) to pre-define the basics for the demo sites.



www.martini.com



www.rar.com

Hot sport market Jordan

In Jordan two potential customers signed an LOI which states their commitment and interest to install our collector technology. A major chemical company as well as a stock listed pharmaceutical company. For one we have started to investigate the installation of a 600 kW system. We expect to receive one order at the end of this year out of our Jordan sales



In addition Industrial Solar is currently in discussions with GIZ (German Institution for international cooperation) to test a new business model based on energy contracting in Jordan.

Projekt Pipeline for Systems and R&D

The companies current hot leads pipeline includes 14 projects with a total turnover potential of 25 m€ and 34 MW thermal peak power with a leadtime from 6-24 month.

In parallel Industrial Solar applied for different R&D grants beside Ship2Fair with a total subsidy volume of 600 k€.

Fossil fuel companies are benefitting from global subsidies of
\$5,300,000,000,000 (5.3 tn) a year, equivalent to
\$10,000,000 a minute every day,
according to a new estimate by the International Monetary Fund.



7 Q1 Financial Review (Income/Balance/Cash-Flow)

Comments to the Financials:

The financial results are according to the companies plan. ISHE is a development company and thus has cost for technology- and market- as well as project development. This development is financed by the proceeds from the initial public offering at Spotlights.

The numbers are consolidated from the Industrial Solar GmbH/Germany, a 100% subsidiary and from Industrial Solar Holding Europe AB/Sweden. The numbers have not been reviewed by the companies auditor KPMG Sundsvall, Sweden.

Consolidated Income Statement

Amounts i TSEK	01.01.2019	* 01.01.2018
	31.03.2019	31.03.2018
Operating income		
Sales	421	0
Increase in finished good and inventories and work in progress	0	0
Other operating income	44	0
Total	465	0
Cost of materials	-372	0
Personnel costs	-1.570	0
Other operating costs	-654	0
Depreciation	-31	0
Total	-2.627	0
Earnings Before Interest and Taxes (EBIT)	-2.162	0
Financial income	0	0
Financial expenses		
Loss after financial items	-2.162	0
Loss for the year	-2.162	0

* The business year 2018 started on August 1st 2018 when the purchased shelf company overtook the assets from the administrator and renamed the company to Industrial Solar.

Consolidated Balance Sheet

Amounts i TSEK	31.03.2019	* 31.03.2018
Assets		
Non-current assets		
Intangible assets		
Intangible fixed assets	2	0
Total	2	0
Machinery and equipment		
Machinery	228	0
Equipment	182	0
Total	410	0
Financial assets		
Shares in group companies	0	0
Due from Group companies	0	500
Total	0	500
Total non-current assets	412	500
Current assets		
Inventories		
Finished good and merchandise	16	0
Total	16	0
Current receivables		
Accounts receivable	178	0
Accrued non-invoiced revenue	1.231	0
Other short-term receivables	550	0
Prepaid expenses and accrued income	60	0
Total	2.019	0
Cash and cash equivalents		
Cash and cash equivalents	12.294	0
Total	12.294	0
Total current assets	14.329	0
Total assets	14.741	500

Amounts i TSEK	31.03.2019	* 31.03.2018
Equity		
Non-distributable equity		
Share capital	748	500
Unregistered share capital	0	0
Total	748	500
Distributable equity		
Accumulated profit or loss	-2.136	0
Share premium account	14.670	0
Shareholder's contribution recieved	1.034	0
Loss for the period	-2.162	0
Total	11.406	0
Total equity	12.154	500
Non-current liabilities		
Loans from Group companies	0	0
Total	0	0
Current liabilities		
Accounts payables	455	0
Other short term liabilities	1.786	0
Accrued expenses and deferred income	346	0
Total	2.587	0
TOTAL EQUITY AND LIABILITIES	14.741	500

* The business year 2018 started on August 1st 2018 when the purchased shelf company overtook the assets from the administrator and renamed the company to Industrial Solar.

Consolidated Cash-Flow-Statement

Amounts in TSEK	01.01.2019 31.03.2019
Operating activities	
Profit/loss after financial items	-2.162
Adjustments for items not included in cash flow	11
Income tax paid	0
Cash flow from operating activities before change in working capital	-2.151
Cash flow from change in working capital	
Change in inventories	0
Change in operating receivables	-73
Change in operating liabilities	32
Cash flow from continuing operations before changes in working capital	-41
Cash flow from operating activities	-2.192
Investing activities	
Investments in intangible assets	0
Investments in tangible fixed assets	-104
Divestments of intangible assets	0
Acquisition of financial assets	
Disposal of intangible assets	
Cash flow from investing activities	-104
Financing activities	
Deposit share capital	0
New share issue	0
New share issue in progress	0
Issue expenses	-64
Shareholder's contribution received	0
Cash flow from financing activities	-64
Cash flow for the year	-2.360
Cash and cash equivalents, January 1	14.654
Cash and equivalents, March 31	12.294

* The business year 2018 started on August 1st 2018 when the purchased shelf company overtook the assets from the administrator and renamed the company to Industrial Solar.

8 News after the Reporting Period

Our customer JTI was finalist of "The smarter E award 2019".



The smarter E brings together the leading energy exhibitions and conferences Intersolar, ees, Power2Drive and EM-Power. The platform takes a comprehensive and cross-sectoral approach to the key topics of the energy transition;

The smarter E AWARD pays tribute to these innovations in two categories. The category Outstanding Projects honors realized projects undertaken in the areas of solar, storage, energy management and clean transportation, while the Smart Renewable Energy category recognizes intelligent products, innovative business models and pioneering solutions in the area of sector coupling.

More information are also available at LinkedIn:

<https://www.linkedin.com/feed/update/urn:li:activity:6528633487338008576>

9 Updated Reporting Dates 2019

Reporting Days	
4 th Quarterly Report 2018	26 February 2019
Annual Report	02 April 2019
1. Quarterly Report	29 May 2019
2. Quarterly Report	30 August 2019
3. Quarterly Report	26 November 2019
4. Quarterly Report	20 February 2020

10 Statement from the Board and Management

The Board of Directors and the Executive Board have today considered and approved the Quarterly Report of Industrial Solar Holding Europe AB for the period from 01.01.2019 - 31.03.2019. The quarterly report is presented in accordance with the Swedish K3 accounting standards. In our opinion, the financial statements give a true and fair view of the entity's financial position and of the results of its operations and cash flows at 31.03.2019.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

Härnösand, Mai 29th 2019



Joakim Byström
Chairman
Of the Board



Christian Zahler
CEO and
Board Member



Tobias Schwind
CFO
Board Member



Olle Ollsen
Board Member



Jürgen Peterseim
Board Member

11 Contact



Industrial Solar Holding Europe AB
Fiskaregatan 11 SE-871 33 Härnösand / Sweden
T 0611-55 70 00, F 0611-557210
Org.nr: 559110-3972, BG: 173-7691
E-mail: ir@industrial-solar.se
www.industrial-solar.se

