

Interim Report Q2 / 2019

Prepared by

Industrial Solar Holding Europe AB

August 29th 2019

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

We are in a race
against time, because
we are still using the
Earth's atmosphere
as an open sewer.

Al Gore

*Vice-President of the United States
(1993-2001)*



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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 August 29th 2019, Board of Directors

Joakim Byström	Chairman of the Board
Christian Zahler	Board member and CEO
Tobias Schwind	Board member
Olle Olsson	Board member
Luca Viscuso	Board member
Joao Gomes	Board member

1 Summary

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 below consolidated numbers are from the Industrial Solar GmbH/Germany, a 100% subsidiary and from Industrial Solar Holding Europe AB/Sweden. The parent company's numbers mentioned in chapter 6 are from Industrial Solar Holding Europe AB. The numbers have been reviewed by the companies auditor KPMG Sundsvall, Sweden.

2nd Quarter from 01.04.2019 to 30.06.2019 (01.01.2019 – 30.06.2019)

Results in Brief in TSEK	01.04.2019	01.01.2019	* 01.01.2018
	30.06.2019	30.06.2019	30.06.2018
The company's sales amounted to	53	438	0
Increase in finished goods, inventories and work in progress	0	0	0
Other operating income	41	85	0
Total Income	94	523	0
Cost of Material	-60	-432	0
Personnel costs	-1.661	-3.231	0
Other operating costs	-984	-1.582	0
Depreciation	-37	-68	0
Total Costs	-2.742	-5.369	0
Earnings before interest and taxes EBIT	-2.648	-4.846	0
Financial income/expenses	159	159	0
Loss after financial items	-2.489	-4.687	0
Number of Shares	7.596.495	7.596.495	0
Result per share amounted	-0,33	-0,617	0,00
Cash available end of period	9.555	9.555	0

Results in Brief

Results in Brief in TSEK	01.04.2019	01.01.2019	* 01.01.2018
	30.06.2019	30.06.2019	30.06.2018
Operating Income	94	523	-
Operating Costs	- 2.742	- 5.369	-
Operating Result	- 2.648	- 4.846	-
Result of the Period	- 2.489	- 4.687	-

* 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 ramp up of our activities in the first quarter of 2019 we worked with full capacities on our targets for both technological and business development in the second quarter.

While July 2019 was the warmest month across the globe ever recorded climate change was the by far most important topic in the last months. For Ursula von der Leyen, upcoming president of the European Union, it is a 'signature issue' and in her campaign she argued for more ambitious emission reduction targets and the introduction of a "carbon border tax".

At Industrial Solar we experienced the same trend with the requests for our systems increasing in both quality and quantity. To strengthen our position in the key markets our colleagues from the business development participated in delegations to Mexico and Chile and also had visits to Jordan, Lebanon and Morocco. In Jordan we submitted, in cooperation with an European investor, the first proposal for a heat purchase agreement to an industrial end-user.

The business development activities are supported from the marketing department which, in cooperation with external experts, developed a marketing plan to effectively deliver the key messages to our stakeholders. As a result new marketing material will be rolled out in the next quarter.

The topic of solar process heat is also of increasing interest for public bodies, as can be seen from various calls. In the second quarter we submitted applications for three project proposals and further ones are under preparation as a European Call dedicated on Solar Energy in Industrial Processes will close in September 2019.

On the technological development side we reached a milestone in the optimization of our production process to cut costs and increase quality. Also we continue to enhance the stability of our plants under the various operating conditions they face at our clients facilities.

Industrial Solar continues to work on its technological and business development targets and looks forward for an exiting autumn.



Christian Zahler
CEO Industrial Solar Holding Europe AB



3 Market News

Regional Sustainable Energy Centres join IEA SHC

The UNIDO-coordinated Regional Sustainable Energy Centres will become sponsor members of the IEA Solar Heating and Cooling programme, a decision made by the IEA SHC Executive Committee at a meeting in Austria in early June. Seven Regional Centres for Renewable Energy and Energy Efficiency have already started operations, two of them -



ECREEE and RCREEE (see table below) – were already sponsors of IEA SHC. The regional centres are established with technical support of the United Nations Industrial Development Organisation (UNIDO) and financial support of the Governments of Austria, Spain and Norway.

“The centres have the official mandate of more than 90 Ministers of Energy to promote renewable energy and energy efficiency within the respective region. They cover most of the non-OECD countries, including least developed and small island developing states. These are the new emerging countries where we expect most of the energy investments throughout the next decades”, explained Martin Lugmayr, Coordinator of GN-SEC, the Global Network of Regional Sustainable Energy Centres. Daniel Mugnier, who chairs IEA SHC, added that the know-how gained from years of carrying out IEA SHC projects would soon need to be transferred to the new markets. A recently established strategic partnership between the solar heating and cooling organisation and the centres could help with this sort of outreach activity.

UNIDO and IEA SHC held initial talks during the ISEC conference in October 2018 in Graz, Austria, where both agreed to make all centres supporting members of IEA SHC. This will allow their experts to participate in additional tasks, which is what research platforms are called within IEA SHC. “We are working on concrete plans for sharing know-how and other information with the regional centres. A good option could be to offer training courses via the SHC Solar Academy,” said Mugnier.

Lugmayr and Mugnier emphasised the mutual benefits of the GN-SEC membership in the IEA SHC. “Many developing countries are just starting to establish or enforce policies and standards in the heating and cooling sector. The generated knowledge of OECD countries is very beneficial for these regions, if adapted to the local circumstances and requirements. On the other hand, the regional centres can help to close data gaps and contribute to the development of inclusive IEA SHC standards”, said Lugmayr.

Sources: <https://www.solarthermalworld.org/content/regional-sustainable-energy-centres-join-iea-shc>

When countries cut the fossil fuel subsidies, there will be a very fast market growth for solar thermal.



Over the last 15 years, the annual Renewable Global Status Report has grown into one of the most respected sources of information about the energy market transformation worldwide. It contains data and explanations provided by the REN21 network, which has more than 900 contributors who cover different aspects of renewable energies around the globe. They write about not only policy but also technology, markets, energy systems integration, investments and local projects. Within a week after its publication on 17 June, the 2019 report has already been discussed at events on four continents: the Dialogue on Renewable Energy and the Energy Transformation in Sao Paulo, Brazil; the Asia Clean Energy Forum in Manila, Philippines; the RES4Med conference Overcoming Africa's Energy Access Gap: Strategic Priorities for Scaling up Renewables in Addis Ababa, Ethiopia; and the EU Sustainable Energy Week in Brussels, Belgium.

The report found that there was still a huge gap between sectors, especially when looking at efforts to decarbonise economies. "Renewables supply more than 26 % of global electricity. However, they provide only 10 % of the energy used for heating and cooling and just over 3 % for transport," stated the REN21 press release. The main reason for that imbalance, according to the authors of the report, was "insufficient and unstable policy support" throughout the heating, cooling and transport sectors.

Rana Adib, Executive Secretary of REN21, pointed out another crucial issue that, if solved, could fast-track the transformation: "A big breakthrough could occur if countries cut their fossil fuel subsidies." In 2017, fossil fuel companies received a total of USD 300 billion globally, an 11 % increase compared to 2016, according to the press release.

Source: <https://www.solarthermalworld.org/content/breakthrough-could-occur-if-countries-cut-fossil-fuel-subsidies>

4 Main Activities

Business: EU Call “Solar Energy in Industrial Processes”

Within the current EU R&D framework there is a specific call dedicated on “Solar Energy in Industrial Processes” with the deadline in August 2019. This call confirms the importance of solar process heating for the EU. Industrial Solar participated in different consortia with its expertise and knowhow and is well positioned to remain on the forefront of innovation in the field.

Business: Delegation to Mexico

Participation of a delegation to Mexico, supported by the Federal Ministry of Economic Affairs and Energy, with the focus of renewable energies in the tourism sector. Mexico, with very high solar irradiation and strong industrial production is one of the key target markets.

Business: Project video on the installation at Japan Tobacco International (JTI)

Industrial Solar launched a video explaining and presenting the installation at JTI to interested offtakers, partners and stakeholders. The video can be found here:

http://bit.ly/2019JTI_EN



Technology: System hardening with various heat transfer fluids

Within the second quarter part of the ongoing R&D activities focused on various heat transfer fluids (water, steam, thermal oil) and the specific requirements for plant design as well as system hardening. At the same time our mirror production quality control reached another milestone with the completion and evaluation of a test cycle in summer. The results will increase quality, reduce working time and material losses and will already be used in the next installation.

5 Outlook Q3

Business: Proposal for Heat Purchase Agreement in Jordan

Industrial Solar and an European investment company jointly develop projects where a thirdparty will own and operate the solar installations and offer solar heat to industrial offtakers via long-term heat purchase agreements. For one project in Jordan the investor already confirmed their intention to finance the plant and a proposal will be submitted in Q3 2019. Already today solar heat is cheaper than fossil heat.

Business: Participation in an event in Rioja (Spain)

Industrial Solar will participate in an event, organized within the SHIP2FAIR project, in Rioja (Spain). At this event we will meet stakeholders and potential offtakers of solar process heating solutions, discuss technological development and market opportunities.



Business: New Marketing Strategy and Material

Industrial Solar currently works with external consultant to restructure and optimize its marketing activities. Within this process also new marketing material will be prepared to effectively communicate with our stakeholders.

Earth is melting...
We CAN save our planet!
Think green ;-)



6 Financial Review

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 consolidated numbers are from the Industrial Solar GmbH/Germany, a 100% subsidiary and from Industrial Solar Holding Europe AB/Sweden. The parent company's numbers are from Industrial Solar Holding Europe AB. The numbers have been reviewed by the companies auditor KPMG Sundsvall, Sweden.

Consolidated Income Statement

Amounts in TSEK	01.04.2019 30.06.2019	01.01.2019 30.06.2019	* 01.01.2018 30.06.2018
Operating income			
Sales	53	438	0
Increase in finished good and inventories and work in progress	0	0	0
Other operating income	41	85	0
Total	94	523	0
Cost of materials	-60	-432	0
Personnel costs	-1.661	-3.231	0
Other external expenses	-928	-1.582	0
Other operating expenses	-56	-56	0
Depreciation	-37	-68	0
Total	-2.742	-5.369	0
Earnings Before Interest and Taxes (EBIT)	-2.648	-4.846	0
Financial income	168	168	0
Financial expenses	-9	-9	0
	159	159	0
Financial expenses			
Loss after financial items	-2.489	-4.687	0
Loss for the year	-2.489	-4.687	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	30.06.2019	30.06.2018	* 31.12.2018	Amounts i TSEK	30.06.2019	30.06.2018	* 31.12.2018
Assets				Equity			
Non-current assets				Non-distributable equity			
Intangible assets				Share capital	748	500	629
Intangible fixed assets	2	0	2	Unregistered share capital	0	0	7.450
Total	2	0	2	Total	748	500	8.079
Machinery and equipment				Distributable equity			
Machinery	215	0	241	Accumulated profit or loss	-2.196	0	0
Equipment	197	0	99	Share premium account	14.670	0	7.347
Total	412	0	340	Shareholder's contribution recieved	0	0	1.034
Financial assets				Loss for the period	-4.687	0	-2.058
Shares in group companies	0	0	0	Total	7.787	0	6.323
Due from Group companies	0	500	0	Total equity	8.535	500	14.402
Total	0	500	0	Non-current liabilities			
Total non-current assets	414	500	342	Loans from Group companies	0	0	0
Current assets				Total	0	0	0
Inventories	0	0	0	Current liabilities			
Work in progress	0	0	0	Accounts payables	88	0	90
Finished good and merchandise	16	0	16	Other short term liabilities	2.874	0	1.866
Total	16	0	16	Accrued expenses and deferred income	336	0	599
Current receivables				Total	3.298	0	2.555
Accounts receivable	71	0	19	TOTAL EQUITY AND LIABILITIES	11.833	500	16.957
Accrued non-invoiced revenue	1.247	0	999				
Other short-term receivables	470	0	857				
Prepaid expenses and accrued income	60	0	70				
Total	1.848	0	1.945				
Cash and cash equivalents							
Cash and cash equivalents	9.555	0	14.654				
Total	9.555	0	14.654				
Total current assets	11.419	0	16.615				
Total assets	11.833	500	16.957				

* 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	04.01.2019 30.06.2019	01.01.2019 30.06.2019	* 01.01.2018 30.06.2018	* 01.01.2018 31.12.2018
Operating activities				
Profit/loss after financial items	-2.489	-4.687	0	-2.054
Adjustments for items not included in cash flow	-59	-14	0	113
	0	0	0	0
Cash flow from operating activities before change in working capital	-2.548	-4.701	0	-1.941
Cash flow from change in working capital				
Change in inventories	0	0	0	-88
Change in operating receivables	171	97	0	-1.931
Change in operating liabilities	711	743	0	2.555
Cash flow from continuing operations before changes in working capital	882	840	0	536
Cash flow from operating activities	-1.666	-3.861	0	-1.405
Investing activities				
Investments in intangible assets	0	0	0	-3
Investments in tangible fixed assets	-39	-140	0	-460
Divestments of intangible assets	0	0	0	0
Acquisition of financial assets	0	0	0	7
Disposal of intangible assets	0	0	0	0
Cash flow from investing activities	-39	-140	0	-456
Financing activities				
Deposit share capital	0	0	0	500
New share issue	0	0	0	8.145
New share issue in progress	0	0	0	7.450
Issue expenses	0	-64	0	-614
Shareholder's contribution repayed	-1.034	-1.034	0	1.034
Cash flow from financing activities	-1.034	-1.098	0	16.515
Cash flow for the year	-2.739	-5.099	0	14.654
Cash and cash equivalents begin of period	12.294	14.654	0	0
Cash and equivalents end of period	9.555	9.555	0	14.654

* 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.

Parent Company Income Statement

Amounts i TSEK	01.04.2019 Not	01.01.2019 30.06.2019	* 01.01.2018 30.06.2018
Sales	0	0	0
Other operating income	0	0	0
Total	0	0	0
Operating Expenses			
Personnel costs	-1	-1	0
Other external expenses	-159	-306	0
Other operating expenses	-56	-56	0
Depreciation	0	0	0
Total	-216	-363	0
Earnings Before Interest and Taxes (EBIT)	-216	-363	0
Profit from financial items			
Financial income	206	232	0
Financial expenses	-9	-9	0
	197	223	0
Loss after financial items	-19	-140	0
Allocations			
Profit before tax	-19	-140	0
Tax on profit for the year	0	0	0
This year's result	-19	-140	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.

Parent Company Balance Sheet

Amounts i TSEK	30.06.2019	30.06.2018	* 31.12.2018	Amounts i TSEK	30.06.2019	30.06.2018	* 31.12.2018
Assets				EQUITY AND LIABILITIES			
Fixed Assets				Equity			
<i>Financial assets</i>				<i>Non-distributable equity</i>			
Shares in Group companies	259	0	259	Share capital	748	500	629
Due from Group companies	15.256	500	5.656	Unregistered share capital	0		7.450
Total fixed assets	15.515	500	5.915	Total	748	500	8.079
Current assets				<i>Distributable equity</i>			
Receivable	0	0	0	Accumulated profit or loss	-444	0	0
Other short-term receivables	196	0	533	Share premium account	14.669	0	7.401
Prepaid expenses and accrued income	124	0	9	Shareholder's contribution recieved	0	0	1.034
Total	320	0	542	Loss for the period	-140	0	-444
<i>Cash and cash equivalents</i>				Total	14.085	0	7.991
Cash and cash equivalents	2.053	0	11.786	Total equity	14.833	500	16.070
Total	2.053	0	11.786	Current liabilities			
Total current assets	2.373	0	12.328	Accounts payable	132	0	25
Total assets	17.888	500	18.243	Other short term liabilities	2.874	0	1.786
				Accrued expenses and deferred income	49	0	362
				Total	3.055	0	2.173
				TOTAL EQUITY AND LIABILITIES	17.888	500	18.243

* 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.

Parent Company Cash-Flow Statement

Amounts in TSEK	01.04.2019	01.01.2019	* 01.01.2018	* 01.01.2018
Consolidated Cash Flow Statement	30.06.2019	30.06.2019	30.06.2018	31.12.2018
Operating activities				
Profit/loss after financial items	-19	-140	0	-444
Adjustments for items not included in cash flow	0	0	0	0
Income tax paid	0	0	0	0
Cash flow from operating activities before change in working capital	-19	-140	0	-444
Cash flow from change in working capital				
Change in inventories	0	0	0	0
Change in operating receivables	-25	-222	0	-543
Change in operating liabilities	1.127	882	0	2.173
Cash flow from continuing operations before changes in working capital	1.102	660	0	1.630
Cash flow from operating activities	1.083	520	0	1.186
Investing activities				
Investments in intangible assets	0	0	0	0
Investments in tangible fixed assets	0	0	0	0
Divestments of intangible assets	0	0	0	0
Acquisition of financial assets	-168	-9.600	0	-5.915
Disposal of intangible assets	0	0	0	0
Cash flow from investing activities	-168	-9.600	0	-5.915
Financing activities				
Deposit share capital	0	0	0	500
New share issue	0	445	0	8.145
New share issue in progress	0	0	0	7.450
Issue expenses	0	-64	0	-614
Shareholder's contribution repayed	-1.034	-1.034	0	1.034
Cash flow from financing activities	-1.034	-653	0	16.515
Cash flow for the year	-119	-9.733	0	11.786
Cash and cash equivalents at the beging of the period	2.172	11.786	0	0
Cash and equivalents at end of the period	2.053	2.053	0	11.786

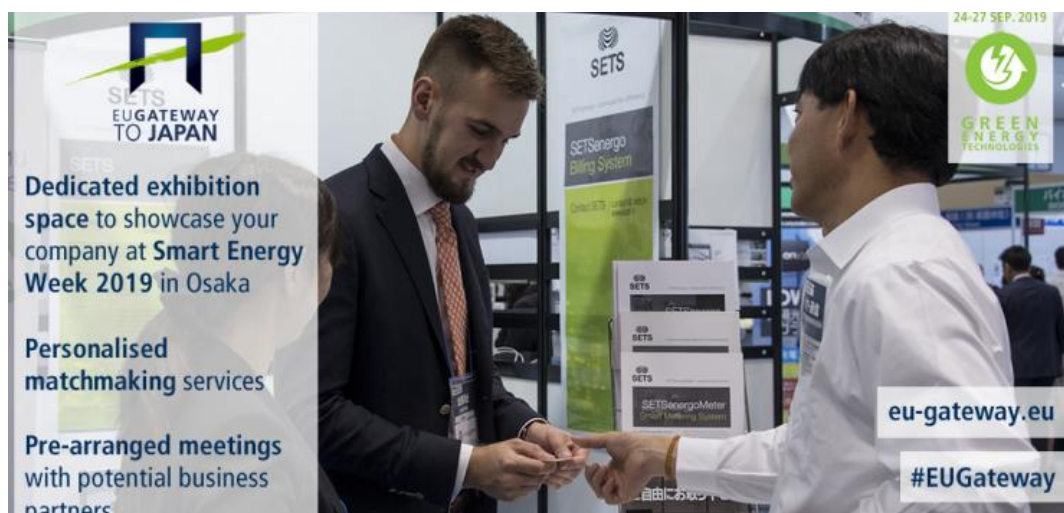
* The business year 2018 started on August 1st 2018 when the purchased shelf company overtook the assets from the administrator and renamed the company to Industrial Solar.

7 News after the Reporting Period

Business: Participation an EU Gateway Mission to Japan

Industrial Solar participate in a EU Gateway market-scoping mission from 24 to 27 of September in Japan. Besides matchmaking and meetings with pre-selected companies and institutions Industrial Solar will also participate in the Smart Energy Week in Osaka.

Japan is not only in major transformation process of its energy supply system but is also home to major international companies in the energy fields with whom Industrial Solar can partner all over the world.



8 Board and Management Statement

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 01.04.2019 - 30.06.2019. 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 30.06.2019.

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

The next reporting dates in 2019 are:

- 3 Quarterly report 2019 – 26.11.2019
- 4 Quarterly report 2019 – 20.02.2020

Härnösand, August 29th 2019



Joakim Byström
Chairman
Of the Board



Christian Zahler
CEO and
Board Member



Tobias Schwind
Board Member



Olle Ollsen
Board Member



Luca Viscuso
Board Member



Joao Gomes
Board Member

9 Statement from the Auditor



Translation from the Swedish original

Review report

To the Board of Directors of Industrial Solar Holding Europe AB (publ.)
Corp. id. 559110-3972

Introduction

We have reviewed the attached financial information report (interim report) of Industrial Solar Holding Europe AB (publ.) as of 30 June 2019 and the six-month period then ended. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this financial information report (interim report) in accordance with the Annual Accounts Act. Our responsibility is to express a conclusion on this financial information report (interim report) based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements ISRE 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing practices and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the attached financial information report (interim report) is not prepared, in all material respects, accordance with the Annual Accounts Act.

Härnösand 29 August 2019

KPMG AB

Lars Skoglund

Authorized Public Accountant

