



Interim Report Q3 / 2019

Prepared by

Industrial Solar Holding Europe AB

November 7th 2019

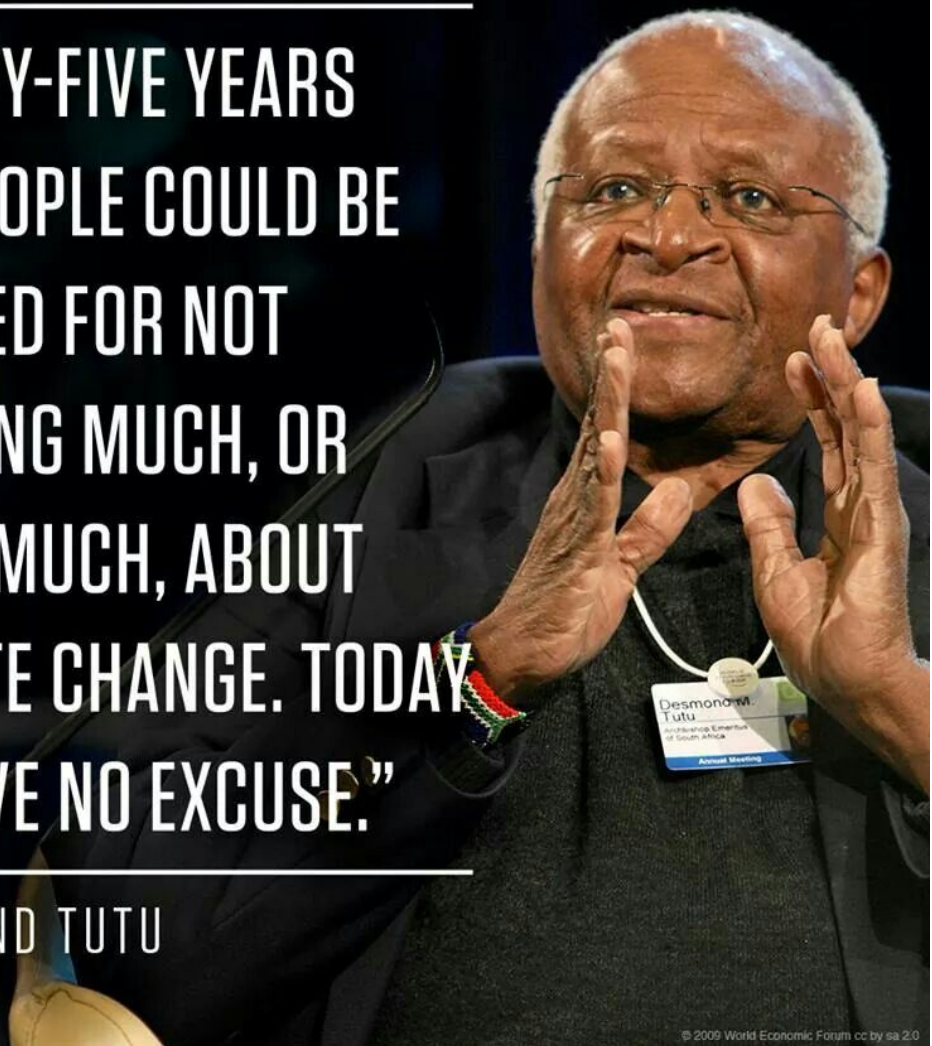
Industrial Solar Holding Europe AB
Fiskaregatan 11 SE-871 33 Härmösand / Sweden
T 0611-55 70 00, F 0611-557210
Org.nr: 559110-3972, BG: 173-7691
E-mail: ir@industrial-solar.se
www.industrial-solar.se



The Climate
Reality Project

**“TWENTY-FIVE YEARS
AGO PEOPLE COULD BE
EXCUSED FOR NOT
KNOWING MUCH, OR
DOING MUCH, ABOUT
CLIMATE CHANGE. TODAY
WE HAVE NO EXCUSE.”**

- DESMOND TUTU



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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 November 7th 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.

3rd Quarter from 01.07.2019 to 30.09.2019 (01.01.2019 – 30.09.2019)

Results in Brief in TSEK	01.07.2019	01.01.2019	01.01.2018
	30.09.2019	30.09.2019	30.09.2018
The company's sales amounted to	52	550	2.747
Increase in finished goods, inventories and work in progress	0	0	0
Other operating income	58	143	206
Total Income	110	693	2.953
Cost of Material	-60	-504	-915
Personnel costs	-1.778	-5.009	-7.380
Other operating costs	-988	-2.384	-3.874
Other operating expenses	-1	-57	-57
Depreciation	-70	-137	-179
Total Costs	-2.896	-8.091	-12.405
Earnings before interest and taxes EBIT	-2.786	-7.398	-9.452
Financial income/expenses	266	424	424
Loss after financial items	-2.520	-6.974	-9.032
Number of Shares	7.596.495	7.596.495	7.596.495
Result per share amounted	-0,33	-0,918	-1,189
Cash available end of period	7.942	9.555	7.942

Results in Brief

Results in Brief in TSEK	01.07.2019	01.01.2019	01.01.2018
	30.09.2019	30.09.2019	30.09.2018
Operating Income	110	693	2.953
Operating Costs	- 2.896	- 8.091	- 12.405
Operating Result	- 2.786	- 7.398	- 9.452
Result of the Period	- 2.520	- 6.974	- 9.032

* 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

In the third quarter of 2019 climate change continued to be the key topic of public debate. More than 7.5 million people (including the Industrial Solar Team), in 185 countries, participated in the global climate strike on September 9th and raised their voice to demand significant and immediate reduction of CO2 emissions.

Under this pressure international corporations accelerate their mitigation activities. Last September for example, Nestlé, the worlds largest food producing company, committed to become carbon neutral by 2050. This cant be achieved without solutions for sustainable process heating – proving the importance of our work.

Yet, we are not going to wait that long. Jointly with the German Development Corporation Agency we started a project in September to implement the first solar process heat contracting project in Jordan and we are already in discussions with promising end-users.

Our research department continued to work on system optimization and cost reduction. As part of three consortia we submitted proposals end of August for the largest EU-call for solar process heating strengthening our position as technology leader.

On the sales side we continued to establish presence in our key target markets through preparation of quotations and trips to partners and potential customers. Two further cooperation agreements with distribution partners have been signed and we received another LOI by an interested end-user in Spain.

Finally, our marketing activities, such as the release of a new brochure in September, also bear fruits. A German TV show sent a team to Jordan for a shooting of our installations.

Industrial Solar continues to work on its technological and business development targets and looks forward to a dynamic year-end time.



Christian Zahler
CEO Industrial Solar Holding Europe AB

3 Market News

Draft for ICEF “Industrial Heat Decarbonization Roadmap” released

The Innovation for Cool Earth Forum (ICEF) publishes innovation roadmaps for technologies with the potential to contribute significantly to long-term Net Zero Emissions. Recently the draft for the "Industrial Heat Decarbonization Roadmap" was released. Below an excerpt:

"Roughly 10% of global greenhouse gas (GHG) emissions come from the production of heat for industrial processes—more than cars and planes combined. Decarbonizing industrial heat production will be essential to meeting the Paris Agreement goals. This topic has received far less attention than decarbonization of the power, transport or building sectors."¹

CSI supports Solar Process Heating with 10 m US\$

In February 2013 the California Solar Initiative (CSI) expanded it's thermal program to include other technologies, such as solar process heating or cooling. First projects have already been Implemented and the CSI Program Handbook states that the total amount allocated to SHIP systems displacing natural gas is USD 10.08 million.²

Carbon Emissions cost 180 € per ton

The German Environment Agency published an updated report on the actual costs of carbon emissions and according to which the costs are around 180 €/ton of CO₂ emitted.³

New Climate Investment Platform

In order to mobilize low-carbon, climate-resilient investments a new global public good institution – the “Climate Investment Platform” was launched in September 2019⁴. The CIP is an inclusive partnership welcoming all stakeholders from governments to international organizations to the private sector to scale-up climate action and translate ambitious national climate targets into concrete investments on the ground.

¹ <https://www.icef-forum.org/roadmap/>

² <https://www.solarthermalworld.org/news/usd-10-million-fund-ship-projects-until-july-2020>

³ <https://www.umweltbundesamt.de/en/press/pressinformation/high-costs-when-environmental-protection-is>

⁴ <https://www.undp.org/content/undp/en/home/news-centre/announcements/2019/new-climate-investment-platform-targets-increase-in-flow-of-capi.html>

4 Main Activities

Business: Workshop on Solar Process Heat in Rioja

Industrial Solar participated in a workshop on Solar Process Heat in Rioja (Spain) where we presented our solutions and got in touch with potential end-users.

Business: Participation at EU-Gateway in Japan

Within the scope of the EU-Gateway to Japan project Industrial Solar participated at Japan's Leading Energy Show in September 2019. In meetings with various international corporations we discussed cooperation opportunities in Japan as well as internationally.

Business: Rolling out Heat Purchase Agreements in Jordan

After officially starting the cooperation projects on solar heat contracting in Jordan we already had discussions with various potential end-users as well as investors.

Technology: Cost reduction for substructure on metal roofs

Industrial roof tops are often made of inclined corrugated metal sheets. While due to our lightweight collector the weight is not a challenge we still need substructure for leveling – which can drive up investment costs. In the last quarter we came up with a new design for such substructures with a significant cost reduction potential.

Marketing and Public Relation: “Solar Impulse Efficient Solution” Label

The Solar Impulse Foundation established the “World Alliance for Efficient Solutions” which brings together the main actors involved in developing, financing or promoting products, services, processes and technologies that protect the environment in a profitable way. In September 2019 Industrial Solar as awarded with the “Solar Impulse Efficient Solution Label”.

5 Outlook Q4

Business: Term-Sheet for Heat Purchase Agreement to be signed

We expect that within the last quarter of 2019 a heat-purchase agreement with an industrial end-user will be signed.

Business: Participation in a delegation to South Africa

South Africa is the largest energy consumer in Africa and also provides excellent opportunities for our solutions. In November 2019 we will participate in an official delegation and meet several multinational companies operating in South Africa.

Business: Participation in a AHK delegation to Brazil

Industrial Solar has a good network in Brazil, which is the biggest economy in Latin America. With support of the Brazilian-German Chamber of Commerce in Rio de Janeiro we will schedule meetings with many potential customers and distribution partners for solar process heat systems.

International Congress: Presentation at the Solar World Congress 2019 in Chile

We will give a presentation at the Solar World Congress in Chile on "Accelerating the Uptake of Solar Process Heating Through Efficient Finance and Support Schemes".

Choices make
climate change
happen

SHARE
responsibility



A CAMPAIGN OF INDUSTRIAL SOLAR

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.

Consolidated Income Statement

Amounts in TSEK	01.07.2019				01.07.2018				01.01.2019				01.01.2018			
	Not	30.09.2019	30.09.2018	30.09.2019	30.09.2018	30.09.2019	30.09.2018	30.09.2019	30.09.2018	30.09.2019	30.09.2018	30.09.2019	30.09.2018	30.09.2019	30.09.2018	30.09.2018
Operating income																
Sales		52	36	550	36											
Increase in finished good and inventories and work in progress		0	0	0	0											
Other operating income		58	4	143	4											
Total		110	40	693	40											
Cost of materials		-60	-8	-504	-8											
Personnel costs		-1.778	-912	-5.009	-912											
Other external expenses		-987	-401	-2.384	-401											
Other operating expenses		-1	0	-57	0											
Depreciation		-70	-84	-137	-84											
Total		-2.896	-1.405	-8.091	-1.405											
Earnings Before Interest and Taxes (EBIT)		-2.786	-1.365	-7.398	-1.365											
Financial income		297	0	465	0											
Financial expenses		-31	-4	-41	-4											
Financial expenses		266	-4	424	-4											
Loss after financial items		-2.520	-1.369	-6.974	-1.369											
Loss for the year		-2.520	-1.369	-6.974	-1.369											

* 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	30.09.2019	31.12.2018	Amounts i TSEK	30.09.2019	31.12.2018
Assets			Equity		
Non-current assets			Non-distributable equity		
Intangible assets			Share capital	748	629
Intangible fixed assets	2	2	Unregistered share capital	0	7.450
Total	2	2	Total	748	8.079
Machinery and equipment			Distributable equity		
Machinery	202	241	Accumulated profit or loss	-2.152	0
Equipment	213	99	Share premium account	14.459	7.347
Total	415	340	Shareholder's contribution recieved	0	1.034
Financial assets			Loss for the period	-6.974	-2.058
Shares in group companies	0	0	Total	5.333	6.323
Due from Group companies	0	0	Total equity	6.081	14.402
Total	0	0	Non-current liabilities		
Total non-current assets	417	342	Loans from Group companies	0	0
Current assets			Total	0	0
Inventories	0	0	Current liabilities		
Work in progress	0	0	Accounts payables	55	90
Finished good and merchandise	16	16	Payments received	764	0
Total	16	16	Other short term liabilities	2.856	1.866
Current receivables			Accrued expenses and deferred income	534	599
Accounts receivable	134	19	Total	4.209	2.555
Accrued non-invoiced revenue	1.297	999	TOTAL EQUITY AND LIABILITIES	10.290	16.957
Other short-term receivables	471	857			
Prepaid expenses and accrued income	13	70			
Total	1.915	1.945			
Cash and cash equivalents					
Cash and cash equivalents	7.942	14.654			
Total	7.942	14.654			
Total current assets	9.873	16.615			
Total assets	10.290	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	01.07.2019	01.01.2019	* 01.01.2018
	30.09.2019	30.09.2019	31.12.2018
Operating activities			
Profit/loss after financial items	-2.520	-6.974	-2.054
Adjustments for items not included in cash flow	63	-112	113
	0	0	0
Cash flow from operating activities before change in working capital	-2.457	-7.086	-1.941
Cash flow from change in working capital			
Change in inventories	0	0	-88
Change in operating receivables	-67	30	-1.931
Change in operating liabilities	911	1.654	2.555
Cash flow from continuing operations before changes in working capital	844	1.684	536
Cash flow from operating activities	-1.613	-5.402	-1.405
Investing activities			
Investments in intangible assets	0	0	-3
Investments in tangible fixed assets	0	-212	-460
Divestments of intangible assets	0	0	0
Acquisition of financial assets	0	0	7
Disposal of intangible assets	0	0	0
Cash flow from investing activities	0	-212	-456
Financing activities			
Deposit share capital	0	0	500
New share issue	0	0	8.145
New share issue in progress	0	0	7.450
Issue expenses	0	-64	-614
Shareholder's contribution repayed	0	-1.034	1.034
Cash flow from financing activities	0	-1.098	16.515
Cash flow for the year	-1.613	-6.712	14.654
Cash and cash equivalents begin of period	9.555	14.654	0
Cash and equivalents end of period	7.942	7.942	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	01.07.2019 30.09.2019	01.07.2018 30.09.2018	01.01.2019 30.09.2019	01.01.2018 30.09.2018
Operating Income				
Sales	0	0	0	0
Other operating income	22	0	22	0
Total	22		22	0
Operating Expenses				
Personnel costs	-178	0	-178	0
Other external expenses	-217	-55	-524	-55
Other operating expenses	-1	0	-57	0
Depreciation	0	0	0	0
Total	-396	-55	-759	-55
Earnings Before Interest and Taxes (EBIT)	-374	-55	-737	-55
Profit from financial items				
Financial income	297	0	529	0
Financial expenses	-6	-1	-15	-1
	291	-1	514	-1
Loss after financial items	-83	-56	-223	-56
Allocations				
Profit before tax	-83	-56	-223	-56
Tax on profit for the year	0	0	0	0
This year's result	-83	-56	-223	-56

* 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	30.09.2019	31.12.2018	Amounts i TSEK	30.09.2019	31.12.2018
Assets			EQUITY AND LIABILITIES		
Fixed Assets			Equity		
<i>Financial assets</i>			<i>Non-distributable equity</i>		
Shares in Group companies	259	259	Share capital	748	629
Due from Group companies	15.503	5.656	Unregistered share capital	0	7.450
Total fixed assets	15.762	5.915	Total	748	8.079
Current assets			<i>Distributable equity</i>		
Receivable	0	0	Accumulated profit or loss	-444	0
Other short-term receivables	198	533	Share premium account	14.669	7.401
Prepaid expenses and accrued income	128	9	Shareholder's contribution recieved	0	1.034
Total	326	542	Loss for the period	-223	-444
<i>Cash and cash equivalents</i>			Total	14.002	7.991
Cash and cash equivalents	1.819	11.786	Total equity	14.750	16.070
Total	1.819	11.786			
Total current assets	2.145	12.328	Current liabilities		
Total assets	17.907	18.243	Accounts payable	58	25
			Other short term liabilities	2.852	1.786
			Accrued expenses and deferred income	247	362
			Total	3.157	2.173
			TOTAL EQUITY AND LIABILITIES	17.907	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	01.07.2019	01.01.2019	01.01.2018
Consolidated Cash Flow Statement	30.09.2019	30.09.2019	31.12.2018
Operating activities			
Profit/loss after financial items	-83	-223	-444
Adjustments for items not included in cash flow	0	0	0
Income tax paid	0	0	0
Cash flow from operating activities before change in working capital	-83	-223	-444
Cash flow from change in working capital			
Change in inventories	0	0	0
Change in operating receivables	-6	-228	-543
Change in operating liabilities	102	984	2.173
Cash flow from continuing operations before changes in working capital	96	756	1.630
Cash flow from operating activities	13	533	1.186
Investing activities			
Investments in intangible assets	0	0	0
Investments in tangible fixed assets	0	0	0
Divestments of intangible assets	0	0	0
Acquisition of financial assets	-247	-9.847	-5.915
Disposal of intangible assets	0	0	0
Cash flow from investing activities	-247	-9.847	-5.915
Financing activities			
Deposit share capital	0	0	500
New share issue	0	445	8.145
New share issue in progress	0	0	7.450
Issue expenses	0	-64	-614
Shareholder's contribution repayed	0	-1.034	1.034
Cash flow from financing activities	0	-653	16.515
Cash flow for the year	-234	-9.967	11.786
Cash and cash equivalents at the beging of the period	2.053	11.786	0
Cash and equivalents at end of the period	1.819	1.819	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: Cooperation Agreement with UNIPER SE signed

On 30.10.2019 Industrial Solar and UNIPER SE signed a cooperation agreement to jointly develop and realize solar process heating projects.



<https://www.uniper.energy/>

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 01.07.2019 - 30.09.2019. 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 30.09.2019.

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

The next reporting date for the year 2019:

- 4 Quarterly report 2019 – 20.02.2020

Härnösand, November 7th 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

