Interim Report Q4/2018

Prepared by

Industrial Solar Holding Europe AB

www.industrial-solar.se

February 26, 2019

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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 February 26th 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 year-end report

Months from 01.08.2018 to 31.12.2018 (28.04.2017 to 31.12.2017)

- The company´s sales amounted to 2.197 (0) TSEK
- Increase in finished goods, inventories and work in progress 0 (0) TSEK
- Other operating income 63 (0) TSEK
- Total Income 2.260 (0) TSEK
- Cost of Material 411 (0) TSEK
- Personnel costs 2.371 (0) TSEK
- Other operating costs 1.419 (0) TSEK
- Depreciation 113 (0) TSEK
- Total Costs 4.314 (0) TSEK
- Earnings before interest and taxes – 2.054 (0) TSEK
- Financial income/expenses -4 (0) TSEK
- Loss after financial items 2.058 (0) TSEK
- Result per share amounted – 0,41 (0) SEK
- The Board proposes the result to be balanced on a new account
- Cash and cash equivalent at the end of the periode 14.654 (0) TSEK

4th Quarter from 01.10.2018 to 31.12.2018 (01.10.2017 – 31.12.2017)

- The company´s sales amounted to 2.161 (0) TSEK
- Increase in finished goods, inventories and work in progress 0 (0) TSEK
- Other operating income 59 (0) TSEK
- Total Income 2.220 (0) TSEK
- Cost of Material 403 (0) TSEK
- Personnel costs 1.459 (0) TSEK
- Other operating costs 1.018 (0) TSEK
- Depreciation 29 (0) TSEK
- Total Costs 2.909 (0) TSEK
- Earnings before interest and taxes -689 (0) TSEK
- Financial income/expenses 0 (0) TSEK
- Loss after financial items 689 (0) TSEK
- Result per share amounted -0,14 (0) SEK

Results in Brief

Results in Brief in TSEK	01.10.2018 31.12.2018	01.10.2017 31.12.2017	* 01.08.2018 31.12.2018	** 28.04.2017 31.12.2017
Operating Income	2.220	-	2.260	-
Operating Costs	- 2.909	-	- 4.314	-
Operating Result	- 689	-	- 2.054	-
Result of the Period	- 689	-	- 2.058	-

* 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

** The shelf company was registered on April 28th 2017 first time

2 Statement from the Chairman and CEO

Joakim Byström, Chairman of the Board

Solar thermal is one of the key solutions to reduce industrial emissions. As CEO of Absolicon I know the market and I am exited to cooperate with Industrial Solar. With their long track record and experience in turn-key solutions they are the key player in solar process steam and their running projects proove their expertise. The cooperation allows to cover a large share of the value chain and provides a clear win-win situation. While Absolicon has the experience to upscale production Industrial Solar implements turn-key solutions. I am excited to join forces and bring clean process heat on the ground.

Christian Zahler, CEO

The financial data for this quarterly report are referring to the restart from our activities for the period from August to December and thus do not reflect a full business year of our project business for solar process heat turnkey solutions for industrial applications.

By taking a look in all the chapters you will receive a good overall description of the potential and short-term outlook of our company.

Cleantec has been an incredible dynamic market in the last decade - and it is still taking up momentum. Especially the thermal energy demand in the industry is still a business field with extremely high market and technology potential. Thus Industrial Solar put a huge effort to optimize the design of its innovative Fresnel collector for industrial process heat applications over the last years. Several lighthouse projects could be realized. For some of them we have delivered the complete system as a turnkey-solution. By doing so, there was a clear investment path developed to achieve the next cost reduction and design level for the Fresnel collector technology.

In 2018 the cooperation with Absolicon Solar Collector AB was of great help to get listed at the stock market Spotlight in Sweden and to use the money from the issue for the investment path. Of which 65% will be used for collector and system technology development and 35% for international sales and marketing as well as project development activities.

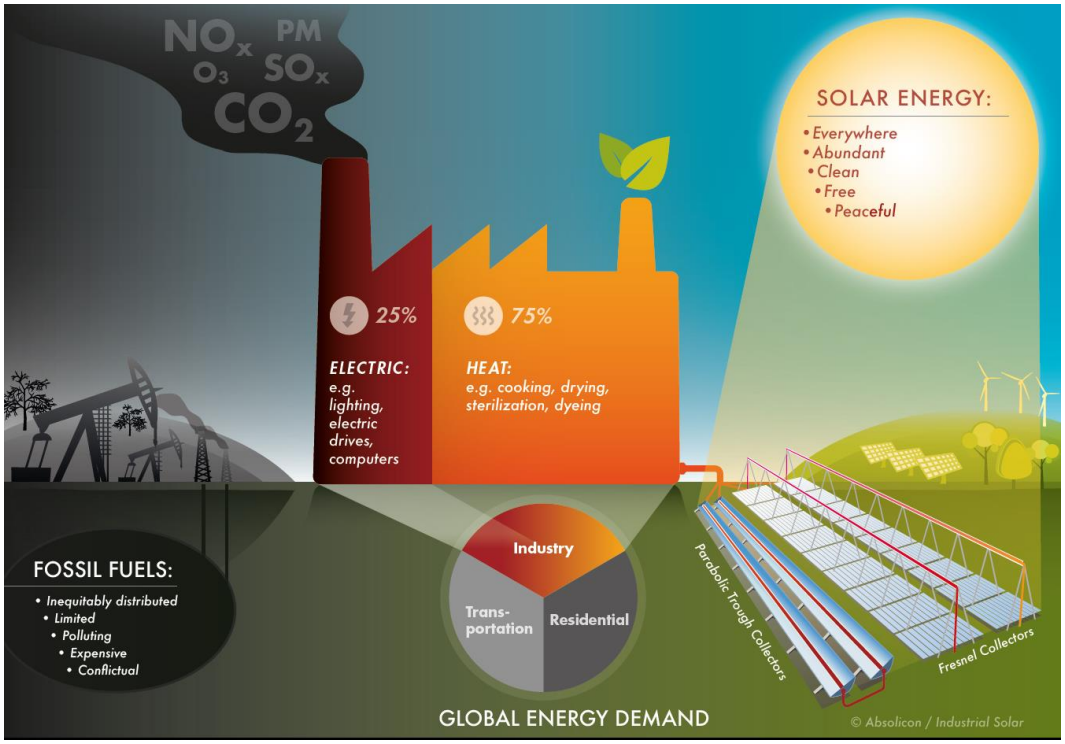
3 Industrial Energy Demand

Industry is responsible for one third of total final energy consumption, with the major share being used for process heating. Since industrial production is expected to grow by almost a factor of 4 until 2050, the growth taking mainly place in Non-OECD countries, industrial process heating is of utmost relevance. Still, so far it was hardly addressed in climate change mitigation and accordingly the share of industrial CO2 emissions is expected to grow from 24% (2014) to 44% (2050). As we ultimately have to achieve net zero emissions to stabilize the level of greenhouse gases in the atmosphere one of the biggest worries today is industrial heating.

There are reasons why it is lacking behind in the adaptation of clean technologies. High temperature solar heat, meeting industrial standards, has been a challenge in the past. However, the most important one is that industrial investments are biased to short paybacks, even when long returns are high. Yet, technological and commercial solutions are available.

Industrial Solar´s first commercial solar process steam generator for example is running successfully for more than three years and financing models become more prominent.

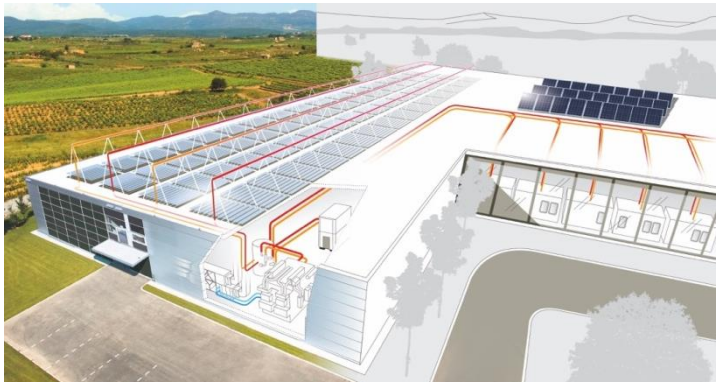
The market for clean industrial heat is determined to flourish and with its expertise Industrial Solar is well positioned to contribute and to take its share as technology leader for Fresnel process heat solutions.



4 Industrial Solar Solutions

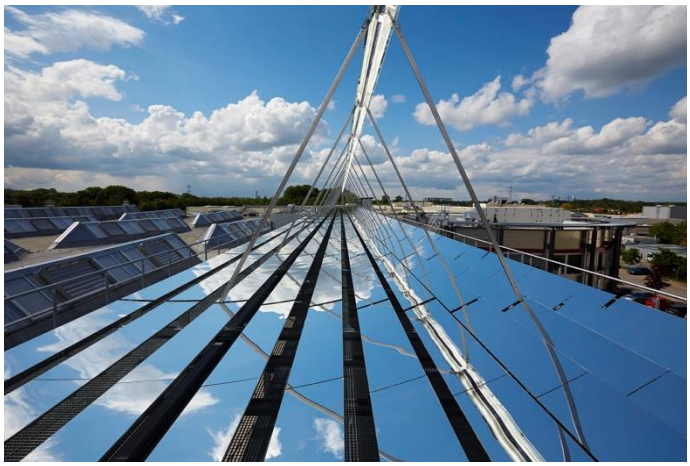
Industrial Solar Holding Europe AB holds 100% of Industrial Solar GmbH in Freiburg/Germany, in which all operational activities are conducted.

Industrial Solar GmbH is an international leading technology and solution provider, which develops projects mainly based on its innovative Fresnel collector technology suitable for fulfilling an expected growing market of solar process heat. As a one-stop-shop Industrial Solar offers turnkey solutions for customers in several industries, such as food, pharmaceutical, chemical, metal, automotive, etc.



Industrial Solar GmbH provides customized solutions for renewable energies and energy efficiency in the medium power range for industrial enterprises. Our systems use solar thermal energy, photovoltaic, combined heat and power or efficiency measures. In addition we offer consulting on optimizing existing energy systems and comprehensive engineering services.

Industrial Solar has extensive know-how and experience in international projects and is world leader in solar Fresnel collector projects for industrial applications.



5 Achievements 2018

The year 2018 was a very exciting with several efforts and highlights.

Absolicon Cooperation

Absolicon financed the restart of Industrial Solar and both companies entered into a cooperation agreement to join forces in various areas to develop, finance and implement projects, apply for R&D-grants and to sell Absolicon production lines.

Prepared for Listing at Spotlight

The company successfully prepared for listing on Spotlight Stock Market for first trading day on January 15th 2019.

Ongoing Collector Cost Reduction

In parallel our engineers developed and optimized the Fresnel Collector´s primary mirror design beside other components which reduced the collector costs by 20% from 250 €/m² to 200 €/m² aperture area. Thus, over the last years we could reduce collector costs by 50% from 400 €/m² to 200 €/m² and we are working on further cost reductions with a clear development and investment path.

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 March 2019.

Engineering Example Brewery

In the second half of 2018 we did a small System-Engineering for Karmeliten Brewery in Straubing/Germany. Karmeliten is aiming to become a carbon neutral brewery.

When brewing beer, large volumes must be heated, boiled and cooled again. A very energy intensive process, which is usually done with fossil fuels. But fossil energy is finite and will become more expensive in the future. More efficient plants save energy costs, but also limit the variety of beer, because traditional brewing and fermentation processes are no longer possible. In the Karmeliten Brewery, the required mindfulness is linked with the required technological freedom. The energy-optimized brewing system works with "intelligent energy storage" and distribution systems from renewable energies and energy recovery. The result is a brewing system that does not require fossil fuels and has predictable energy costs in the long run, as well as the freedom to brew the recipe you want.

The outlook statement from Karmeliten

In the future, consumers will increasingly pay attention to the holistic responsibility of companies towards society and the environment. In particular, what impact their behaviors and manufacturing processes of their products have on the quality of life, so that consumer satisfaction becomes consumer wellbeing. With our comprehensive action milestone on energy self-sufficient brewery and the associated high investments, we continue our way of holistic business ethics, which also requires courage, strength and patience. We believe that companies that integrate the environmental and social principles of mindfulness into their business model will exercise their social responsibility and thereby earn the trust and encouragement of the public.

Thus Karmeliten is seriously investigating the integration of solar process heat with Industrial Solar´s unique Fresnel collector technology in 2019.

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. SHIP2FAIR aims to foster the integration of solar heat in industrial processes of the agro–food industry. With this purpose, SHIP2FAIR will develop and demonstrate a set of tools and methods for the development of industrial solar heat projects during their whole life-cycle.

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.

MARTINI

www.martini.com

GRUPO RAR

www.rar.com

Projects

In one of our hot spot markets (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 pipeline including these two LOIs.

European Solar Thermal Technology Panel (ESTTP)

E S T T P
European Solar Thermal Technology Panel

Christian Zahler has been elected as a member of the Steering Committee of the RHC / ESTTP. The first session of the participating countries took place on January 29th in Brussel. The Secretary General stated that the European Commission is aware of the extremely large market potential of solar process heat and currently conducts various internal activities to initiate funding schemes for the use of renewable energies at industrial facilities.

7 Q4 Financial Review (Income/Balance/Cash-Flow)

The numbers are consolidated from the Industrial Solar GmbH/Germany, a 100% subsidiary and from Industrial Solar Holding Europe AB/Sweden. The numbers from the subsidiary have been reviewed and approved by the German tax consultant. This report has been reviewed by the companies auditor KPMG Sundsvall, Sweden. See also chapter 12.

The negative results reflects the cost for business product and system development. Extra costs appeared in connection with the restart and going public at Spotlight stock market.

Consolidated Income Statement

Amounts i TSEK	01.10.2018 31.12.2018	01.10.2017 31.12.2017	*01.08.2018 31.12.2018	**28.04.2017 31.12.2017
Operating income				
Sales	2.161	0	2.197	0
Increase in finished good and inventories and	0	0	0	0
Other operating income	59	0	63	0
Total	**2.220**	**0**	**2.260**	**0**
Cost of materials	-403	0	-411	0
Personnel costs	-1.459	0	-2.371	0
Other operating costs	-1.018	0	-1.419	0
Depreciation	-29	0	-113	0
Total	**-2.909**	**0**	**-4.314**	**0**
Earnings Before Interest and Taxes (EBIT)	**-689**	**0**	**-2.054**	**0**
Financial income	0	0	0	0
Financial expenses	0	0	-4	
Loss after financial items	**-689**	**0**	**-2.058**	**0**
Loss for the year	**-689**	**0**	**-2.058**	**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.

** The shelf company was registered on April 28th 2017 first time.

The Board propose the result to be balanced on a new account.

Consolidated Balance Sheet

Amounts i TSEK	31.12.2018	31.12.2017
Assets		
Non-current assets		
Intangible assets		
Intangible fixed assets	2	0
Total	*2*	*0*
Machinery and equipment		
Machinery	241	0
Equipment	99	0
Total	*340*	*0*
Financial assets		
Shares in group companies	0	0
Due from Group companies	0	500
Total	*0*	*500*
Total non-current assets	**342**	**500**
Current assets		
Inventories		
Work in progress	0	0
Finished good and merchandise	15	0
Total	*15*	*0*
Current receivables		
Accounts receivable	19	0
Accrued non-invoiced revenue	999	0
Other short-term receivables	858	0
Prepaid expenses and accrued income	70	0
Total	*1.946*	*0*
Cash and cash equivalents		
Cash and cash equivalents	14.654	0
Total	*14.654*	*0*
Total current assets	**16.615**	**0**
Total assets	**16.957**	**500**

Amounts i TSEK	31.12.2018	31.12.2017
EQUITY AND LIABILITIES		
Equity		
Non-distributable equity		
Share capital	629	500
Unregistered share capital	7.450	0
Total	*8.079*	*500*
Distributable equity		
Share premium account	7.347	0
Shareholder's contribution recieved	1.034	0
Loss for the year	-2.058	0
Total	*6.323*	*0*
Total equity	**14.402**	**500**
Non-current liabilities		
Loans from Group companies	0	0
Total	**0**	**0**
Current liabilities		
Accounts payable	90	0
Other short term liabilities	1.866	0
Accrued expenses and deferred incom	599	0
Total	**2.555**	**0**
TOTAL EQUITY AND LIABILITIES	**16.957**	**500**

Consolidated Cash-Flow-Statement

Amounts in TSEK	* 01.08.2018 31.12.2018
Operating activities	
Profit/loss after financial items	-2.053
Adjustments for items not included in cash flow	113
Income tax paid	
Cash flow from operating activities before chang in working capital	**-1.940**
Cash flow from change in working capital	
Change in inventories	-88
Change in operating receivables	-1932
Change in operating liabilities	2.555
Chash flow from operating activities	**535**
Investing activities	
Investments in intangible assets	-3
Investments in tangible fixed assets	-460
Divestments of intangible assets	7
Cash flow from investing activities	**-456**
Financing activities	
Deposit share capital	500
New share issue	8145
New share issue in progress	7450
Issue expenses	-614
Shareholde's contribution recieved	1.034
Cash flow from financing activities	**16.515**
Cash flow for the year	**14.654**
Cash and cash equivalents, January 1	**0**
Cash and equvalents, December 31	**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.

8 News after the Reporting Period

Collaboration Activities

Industrial Solar is in advanced discussions to cooperate with boiler manufacturers having direct access to industrial clients in key markets, such as Brazil and Australia. The cooperation with industrial boiler manufactures is mutually beneficial because it combines market access, engineering capablilities and low carbon energy solutions by integrating solar collectors.

Team-Workshop in Härnösand with Absolicon Solar Collectors AB

From January 9th to 12th the teams of both companies had a first workshop to join forces. Specific tasks have been to get a common understanding of both teams of the business model, technology and synergies especially for market activities and technological developments to strengthen each other.

Beside technical discussions, the Absolicon T 160 parabolic trough and it´s production line technology was introduced and evaluated, the ENERGIPARK in Härnösand was visited.

A team building event took place where our teams jointly cooked a dinner under the supervision of Persson Fredrik a culinary expert.

9 Largest Shareholder

Below table shows the largest shareholder as of December 28th, 2018 before the capital increase. The numbers differ from the Euroclear list due to a wrong transfer of shares by SEB between Chrisian Zahler, Tobias Schwind and Eniara.

Largest Shareholder as of December 28th, 2018	#	%
CHRISTIAN ZAHLER	1.244.859	24,50%
TOBIAS SCHWIND	1.244.858	24,50%
ENIARA AB	627.872	12,36%
PRIONO AKTIEBOLAG	330.046	6,50%
FASTIGHETS AKTIEBOLAG PONORD	144.090	2,84%
FÖRSÄKRINGSAKTIEBOLAGET, AVANZA PENSION	80.260	1,58%
NORDNET PENSIONSFÖRSÄKRING AB	78.926	1,55%
KNUTSSON, BENGT	24.224	0,48%
NORDENHED, KARL ERIK PATRIK	14.902	0,29%
SETEK INVEST AKTIEBOLAG	12.788	0,25%
OTHER SHAREHOLDER	1.278.230	25,16%
Total Shares	**5.081.055**	**100,00%**

10 Shareholder Meeting and Reporting Dates 2019

The annual shareholder meeting will take place on May 24th in Stockholm. The Board proposes to convert the entire conditional shareholder contribution of € 100,000 provided by Absolicon Solar Collector AB to a normal loan between the companies.

4th Quarterly Report 2018	26. Feb
Annual Report	02. Apr
Annual Shareholder Meeting Stockholm	24. Mai
1. Quarterly Report	29. Mai
2. Quarterly Report	30. Aug
3. Quarterly Report	26. Nov
4. Quarterly Report	20. Feb

11 Contact

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12 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) for the period 2018-08-01—2018-12-31. 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 26 February 2019

KPMG AB

Lars Skoglund

Authorized Public Accountant