

## Interim Report Q3/2020

Prepared by

**Industrial Solar Holding Europe AB**

[www.industrial-solar.se](http://www.industrial-solar.se)

November 26<sup>th</sup>, 2020

## Table of Contents

<b>1</b>	<b>Summary of the Q3 report</b>	<b>3</b>
<b>2</b>	<b>Note from the CEO</b>	<b>4</b>
<b>3</b>	<b>The Importance and Challenges of Scope 3 Emissions</b>	<b>5</b>
<b>4</b>	<b>Main Activities and News in Q3</b>	<b>6</b>
<b>5</b>	<b>Outlook, Risk and Uncertainties</b>	<b>11</b>
<b>6</b>	<b>Q3 Financial Review (Income/Balance/Cash-Flow)</b>	<b>13</b>
<b>7</b>	<b>News after the Reporting Period</b>	<b>19</b>
<b>8</b>	<b>Statement from the Board and Management</b>	<b>21</b>
<b>9</b>	<b>Contact</b>	<b>22</b>

### 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 26<sup>th</sup>, 2020, Board of Directors

Olle Olsson	Chairman of the Board
Christian Zahler	Board member and CEO
Markus Augustsson	Board member
Joao Gomes	Board member
Tobias Schwind	Board member
Daniel Pfeifle	Board member

# 1 Summary of the Q3 report

**3<sup>rd</sup> Quarter from 01.07.2020 to 30.09.2020 (01.01.2020 - 30.09.2020)**

Results in Brief in TSEK	01.07.2020	01.01.2020	01.01.2019
	30.09.2020	30.09.2020	30.09.2019
The company's sales amounted to	-339	774	550
Increase in finished goods, inventories and work in progress	0	0	0
Other operating income	593	1.783	143
<b>Total Income</b>	<b>254</b>	<b>2.557</b>	<b>693</b>
Cost of Material	-155	-729	-504
Personnel costs	-3.105	-7.525	-5.009
Other operating costs	-815	-2.499	-2.384
Other operating expenses	0	-6	-57
Depreciation	-229	-494	-137
<b>Total Costs</b>	<b>-4.393</b>	<b>-11.253</b>	<b>-8.091</b>
<b>Earnings before interest and taxes EBIT</b>	<b>-4.139</b>	<b>-8.696</b>	<b>-7.398</b>
Financial income/expenses	26	-55	424
<b>Loss after financial items</b>	<b>-4.113</b>	<b>-8.751</b>	<b>-6.974</b>
Number of Shares	12.188.792	12.188.792	7.596.495
Result per share amounted	-0,34	-0,718	-0,918
Cash available end of period	24.926	24.926	7.942

The Q3 sales are negative due to adjustments that were necessary because of an accounting error in Q1 (an invoice for a down payment was accidentally booked as sales).

## Results in Brief

Results in Brief in TSEK	01.07.2020	01.01.2020	01.01.2019
	30.09.2020	30.09.2020	30.09.2019
Operating Income	254	2.557	693
Operating Costs	- 4.393	- 11.253	- 8.091
Operating Result	- 4.139	- 8.696	- 7.398
Result of the Period	- 4.113	- 8.751	- 6.974

## 2 Note from the CEO

The third quarter of 2020 was positive in many ways. We could feel an ease of the Covid-19 crises, especially with regard to new partners being open towards cooperation agreements again and a new wave of interest in our broader portfolio resulting from the acquisition of SolarSpring GmbH.

The acquisition of SolarSpring and the integration of their technologies have already proven to be a great addition to our range of solutions. Both companies started to work at full speed on their synergies and complementation which are a huge benefit for both companies' customers.

For SolarSpring, the start of the 'BrineMine' project represents a successful event in Q3 and beyond. Their membrane distillation technology makes the production of lithium more environmentally friendly and commercially viable than it used to be, which offers a huge potential especially regarding the growing demand of lithium-ion batteries.

Another success was that two more of Industrial Solar's proposals for funded research projects were accepted:

Firstly, the proposal for the artificial intelligence project AuSeSol. With our consortium partners CSP Services and the German Aerospace Center (DLR) we started to work on the integration of artificial intelligence in the operation- and monitoring processes of solar thermal systems, and are preparing a proposal for a large follow-up project.

Secondly, the one for INNOWWIDE – a European project which aims at supporting SMEs to enter international markets. In this project we work together with our partner Ingenieria InPower SpA in Chile on a viability assessment to implement solar steam projects in Chile in a heat contracting model.

All of those projects harbour great potential for the market integration of our solar thermal- and wastewater treatment solutions worldwide and give reason to look positively towards 2021.

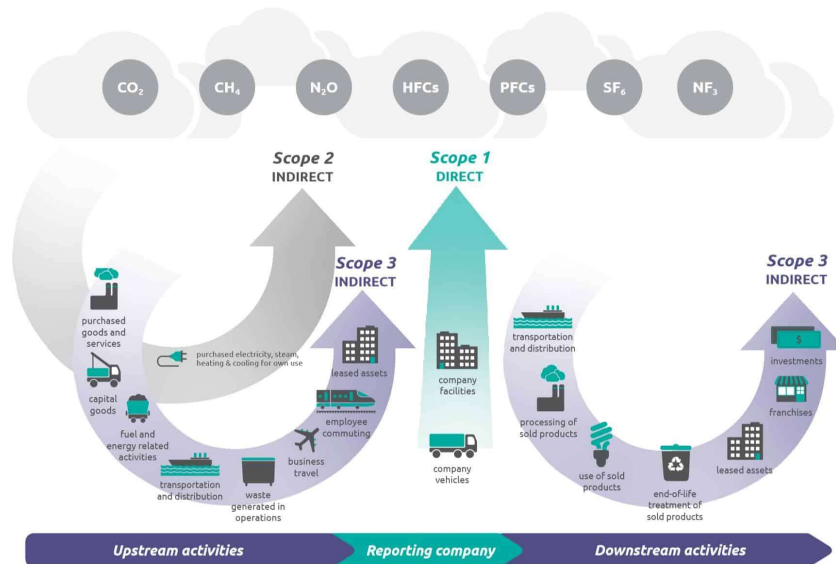


Christian Zahler  
CEO Industrial Solar Holding Europe AB



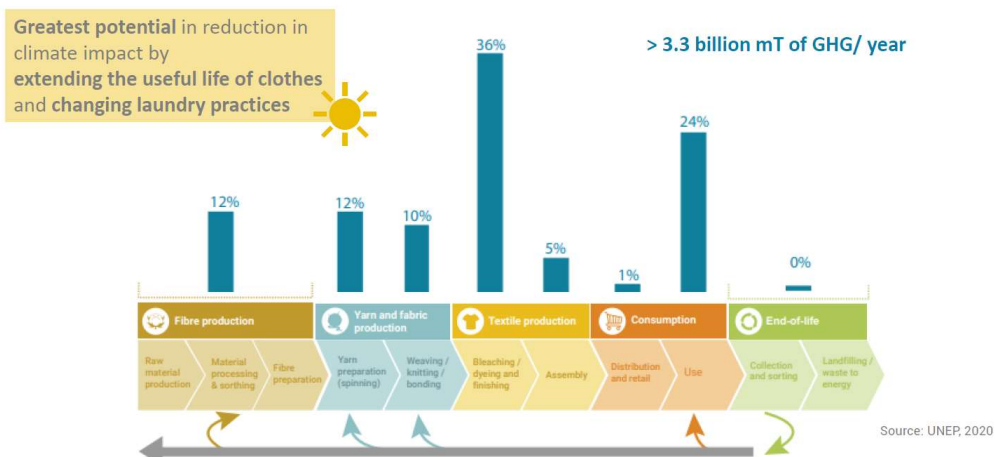
### 3 The Importance and Challenges of Scope 3 Emissions

As more and more companies commit to ambitious decarbonization targets, the complexity of these undertakings become more apparent as well. With highly fragmented supply chains in many sectors, the majority of emissions actually accrue in the upstream activities – the so-called *Scope 3 Emissions*.



This is especially relevant in the textile industry where 41% of the lifecycle climate impact come from the production. However, already today numerous multinational companies jointly commit to lower emissions (scope 1,2,3) within the framework of the [Fashion Industry Charter for Climate Action](#).

#### Impacts on climate



The majority of textile emissions come from the so-called *wet processes*, where the required energy is mainly thermal. Industrial Solar's solutions, with their strong emphasis on process heat, are a valuable contribution to the decarbonization of the textile sector. The extended portfolio, comprising, inter alia, heat pumps and non-concentrating solar thermal collectors, complement our core technology of solar steam generation with our Fresnel collector well.



## 4 Main Activities and News in Q3

### **Industrial Solar Holding Europe AB accomplishes share issue for acquisition of SolarSpring GmbH**

On July 1, the board of Industrial Solar Holding Europe AB announced that the share issue for the acquisition of the German SolarSpring GmbH has been accomplished.

In January of this year, Industrial Solar Holding Europe AB (ISHE) announced that the Board of Directors had resolved to launch a rights issue of SEK 24.7M with preferential rights for existing shareholders. Background of this right issue was the intend to acquire the company SolarSpring GmbH, an equipment manufacturer of innovative membrane-based water treatment systems. The rights issue was oversubscribed by 14.5 percent and thus, the acquisition of SolarSpring was initiated.

The total deal value is approx. 800 k€ divided into 200 k€ paid by ISHE shares to acquire 100% of SolarSpring shares, 250 k€ paid in cash for operational activities and 350 k€ ISHE shares transferred to an ESOP (Employee Stock Option Program) to bind the core team and partners.

In the share purchase agreement, which was notarized on March 23, the parties agreed on the average share price over the 90 days prior to the notarization. This 90-days average share price was calculated to 7,6761 SEK. Together with the exchange rate on the day of the notarization 1€ = 11,0988 SEK, a total of 795 243 shares were issued and the share capital was increased by 78 255,80 SEK. These shares were subscribed by SolarSpring GmbH and thus, the contractual debt of ISHE over the value of 550.000 € is finally settled. As per today, the number of total shares amounts to 12 188 792 and the total share capital is 1 199 435,27 SEK.

Christian Zahler, CEO of ISHE, is very pleased that the acquisition of SolarSpring is now finalized: "I am glad that the share issue has been finalized in a smart, cash saving set-up combined with a new share structure and lock-up period which shows a clear commitment of the SolarSpring team and the shareholders to support ISHE's path in the coming years. Now we can focus on our perfectly matching technologies and promote joint solutions for clean energy and clean water."

### **Life Cycle Analysis by Swiss Paul Scherrer Institute proves Industrial Solar's LF-11 Fresnel Collector as environmentally friendly heat source for Climeworks direct air capture technology**



Within the frame of the Swiss case study of Horizon 2020 ACT project ELEGANCY – Enabling a low-carbon economy via hydrogen and CCS (<https://www.sintef.no/elegancy>), researchers at the Paul Scherrer Institute (PSI) conducted a Life Cycle Analysis of Industrial Solar's LF-11 Fresnel Collector. The impressive results prove the unique collector design of Industrial Solar to be an outstanding environmentally friendly heat generation technology that can support the scale up of solutions like Climeworks' direct air capture.

Since Climeworks' DAC machines require heat at temperatures of around 100 C° to regenerate the adsorbent, researchers in the Technology Assessment Group at PSI conducted a detailed life cycle analysis (LCA) of different heat sources and their

respective impact on climate and environment with the aim to find a suitable and eco-friendly heat source to operate these DAC machines. The LCA results show that Industrial Solar's Fresnel technology at various locations in the Middle East, Chile, or Southern Europe performs best in most environmental impact categories compared to heat from impact-intensive hard coal or oil furnaces, but also state-of-the-art natural gas boilers and even wood chips furnaces.

### **Industrial Solar GmbH receives first payment from Horizon 2020 Project FRIENDSHIP**



Industrial Solar is one of the partners and beneficiaries of the European Horizon 2020 project 'FRIENDSHIP'. Today, Industrial Solar GmbH received the first tranche of 220.000 € of its total funding volume of 456.000 €. The aim of the FRIENDSHIP project is to increase the temperature delivered to industrial processes by combining several technologies such as concentrating solar thermal technologies, heat pumps, highly efficient absorption chillers and combined storage.

### **Industrial Solar, CSP Services and the German Aerospace Center (DLR) join efforts in Artificial Intelligence project AuSeSol**

The AuSeSol project aims to integrate Artificial Intelligence in Solar Thermal Heating and Power Generation and introduce autonomous monitoring and operation. While solar technologies are already proven and applied, integrating artificial intelligence in the system's operation and monitoring offers substantial potential for autonomy and efficiency optimization. The project partners cooperate in a five-month project financed by the German Federal Ministry for Environment, Nature Conservation and Nuclear Safety to construct a technical proposal that provides the blueprint to the development stage in AuSeSol 2.

### **Industrial Solar signs cooperation agreement to expand market in the U.S.**



The companies Industrial Solar GmbH from Freiburg/Germany and Solar UV Solutions from Indianapolis/United States have signed a cooperation agreement to complement each other's solar thermal systems and jointly develop the market for solar process heat systems in the United States and global target markets. Industry is responsible for one third of total final energy consumption in the United States, with the largest share being used for process heating. Thus, industrial process heating is of utmost relevance and the use of solar thermal collectors for industrial applications is an obvious step in the right direction.

Both Industrial Solar's and Solar UV Solution's collectors seamlessly integrate with existing heating systems to provide the primary source of heating during the day and significantly reduce energy and maintenance costs. Together the two companies can complement each other to offer tailored solar thermal solutions for a broader range of clients in the United States and abroad. Industrial Solar's Fresnel collector is ideal for temperatures up to 400° C (700 F) while Solar UV Solutions' SunQuest 250 is most efficient when temperatures of up to 150° C (300 F) are needed.

Together they give a huge part of the industry the perfect opportunity to reduce their emissions.

### **Environmentally friendly lithium production via membrane distillation to serve growing battery demand of e-mobility**

With its membrane distillation technology, SolarSpring GmbH from Freiburg/Germany can produce very high concentrations of brine to extract valuable minerals, such as lithium, from geothermal water. Fortunately, the thermal energy required for the membrane distillation process can be drawn directly from geothermal sources. This makes the procedure a more environmentally friendly and, thus, viable alternative to conventional lithium production. This process will be further developed and improved in a 1,5 m€ R&D project with internationally renowned partners.

The global lithium market size was valued at USD 4.23 billion in 2019 and is expected to grow further over the next years, especially in regards to the rapid expansion of the lithium-ion battery industry as the world demand for electric vehicles, energy storage systems, and portable electronics continues to increase. SolarSpring GmbH expects promising growth potential for their application and their technology in a very dynamic market in the coming years.

### **Industrial Solar selected in INNOWIDE call**



With its proposal SolarSteam-CL, Industrial Solar was selected in the very competitive INNOWIDE second call to develop a viability assessment to implement solar steam projects in Chile in a heat contracting model. The INNOWIDE pilot call supports highly innovative European SMEs with a fund of 60 k€/project to enter international markets, helping them to conduct Viability Assessment Projects (VAPs) in cooperation with stakeholders from target countries.

The project has a duration of 6 months and will assess different perspectives of the proposed combination of technology and business model, including market potential, technology adaptation, legal compliance, and cost reduction through local sourcing in cooperation with Ingenieria InPower SpA. InPower is a private and limited engineering company based in Santiago, Chile, focusing on energy efficiency and renewable energy solutions and has a wide portfolio of engineering studies, consultancy, and innovative solar thermal and photovoltaic projects.

### **SolarSpring sells MD Lab to University of Toledo, Ohio**



SolarSpring GmbH will deliver a customized membrane distillation (MD) unit to the Interfacial Thermal and Transport Laboratory (ITTL) of the University of Toledo, Ohio, USA – a laboratory with strategic value for SolarSpring conducting high quality, innovative and collaborative research for the development of sustainable products.

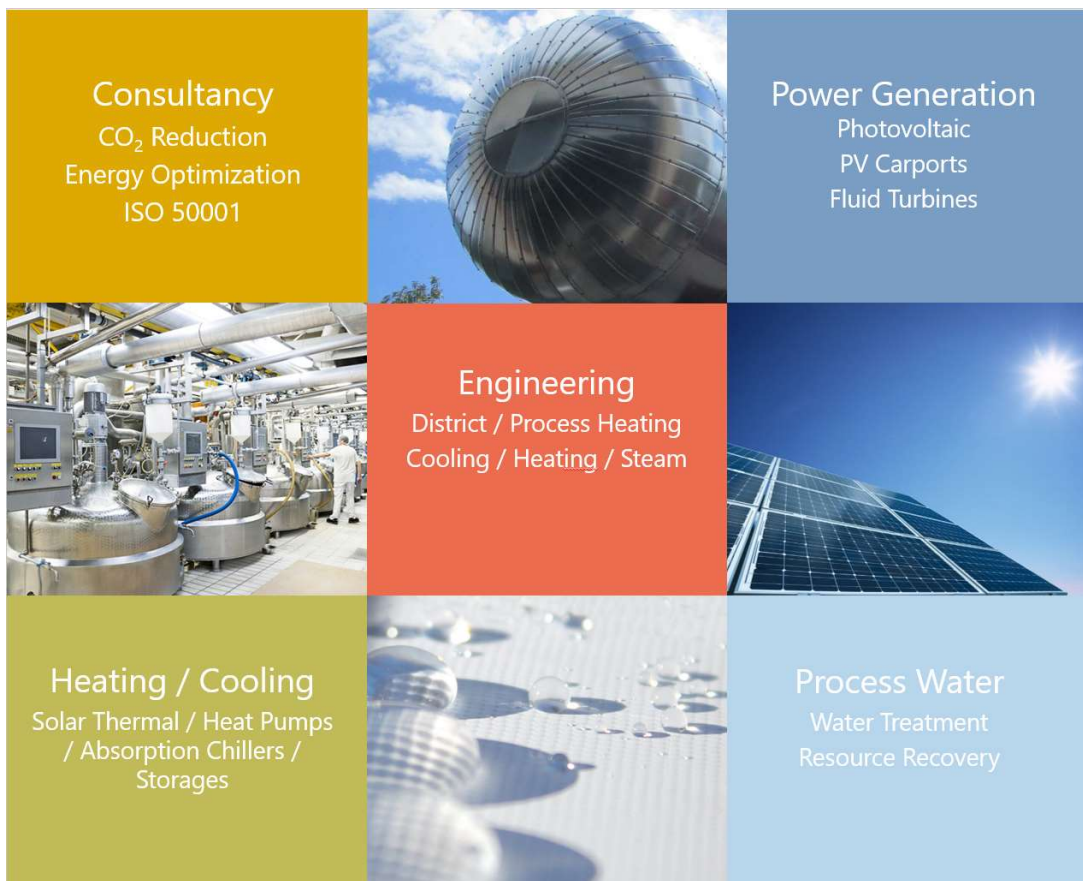
Although this order has a rather small volume of 30 k€, it is of great strategic importance. ITTL is an independent institute and thus will confirm the capabilities of SolarSpring's technology not only for the US market. The engagement of ITTL



supports the development of new and existing applications and markets, such as the chemical industry in North America and other regions. The MD Lab System from SolarSpring is a lab unit for investigations in various MD configurations. The connectors, vessels, sensors and piping are constructed to be highly flexible which allows experimental constructions of nearly every different type of MD. Data acquisition of all process-relevant sensor values is integrated.

## Sales

Our portfolio diversification continues and we can already offer our clients numerous complementary services and solutions. The services we offer include amongst others the development of concepts for industrial energy supply, ISO certification, detailed engineering or CO<sub>2</sub> off-setting. Our solutions comprise different technologies for power generation (photovoltaic, fluid turbines), heating (solar thermal, heat pumps) and cooling. The water treatment solutions from SolarSpring complement this portfolio. The initial market feedback is very positive as it allows a more comprehensive approach for industrial decarbonization with greater independency from specific circumstances (e.g. irradiation and legal framework).

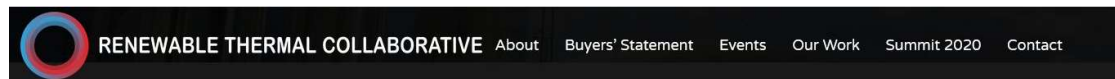


## Sales Synergies between Industrial Solar and SolarSpring

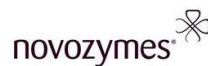
Germany is the key target market for SolarSpring's industrial Membrane Distillation solutions due to strict wastewater regulations. With the increasing focus of Industrial Solar on industrial clients in Germany the operational synergies will continue to grow as joint sales activities will be used. A first roll-out for a specific application is currently under preparation and will start in Q4 2020.

## Renewable Thermal Collaborative

An increasing number of multinational corporations with prominent companies such as P&G or Roche see the need for renewable thermal energy and join forces to foster decarbonization of thermal energy. The signatories of the *Renewable Thermal Collaborative* listed below focus especially on the acceleration of standardized and cost-effective solutions – as offered by Industrial Solar.



### SIGNATORIES



## 5 Outlook, Risk and Uncertainties

### Projects

For Industrial Solar the three Horizon 2020 projects Ship2Fair, Friendship and Innowwide and the national funded project AuSeSol with a total funding volume of about 2.1 m€ are a strong support in the next three years.

Several proposals for R&D projects on national level with a total funding volume of nearly 1 m€ that have been submitted in 2019 have been evaluated positively and are likely to be granted this year.

Due to the increasing pressure on water intensive industries to find new technical solutions suitable for improving the environmental sustainability and cost efficiency of their processes, the outlook for wastewater treatment systems remains positive. Short term delays in decision making must be expected but might be compensated by a V-shaped dynamic once governmental support programmes are activated.

### Risk and Uncertainties

The market for solar process heat systems is at an early stage but is gaining momentum as the pressure for companies to reduce their carbon footprint is getting continuously stronger.

Due to the Covid-19 crisis, many potential customers are postponing investment decisions. Also, the strong decline of the oil price has a negative impact. On the other hand, many governments are preparing economic programmes to overcome the effects of the Corona crisis, most of them with a focus on carbon reduction. Thus, the business is difficult to predict.

SolarSpring has observed a strong increase in contracted pretesting within the last 12 months which proves the growing demand of various industries to find new water treatment solutions for industrial effluents. No difference was observed in the lower volume customer contracting due to the Covid-19 crisis, but larger investment decisions are being held back by most companies until the outcome of the crisis becomes more predictable.

**But reducing harmful emissions, abating our dependence on foreign oil and developing alternative renewable energy sources have benefits that go beyond environmental health, they improve personal health, enhance national security and encourage our nation's economic viability.**

**Jim Clyburn**  
American Politician

QUOTEHD.COM

## 6 Q3 Financial Review (Income/Balance/Cash-Flow)

### Comments to the Financials

The financial results are according to the company's plan. ISHE is a development company and, thus, has cost for technology- and market- as well as for project development. This development is financed by the proceeds from the initial public offering and the rights issue in January 2020 at Spotlight. Currently both subsidiaries receive strong co-financing for their research and development activities through public funding.

The numbers are consolidated from Industrial Solar GmbH and SolarSpring GmbH, both located in Freiburg/Germany and each a 100% subsidiary of ISHE, and from Industrial Solar Holding Europe AB/Sweden.

The Q3 sales are negative due to adjustments that were necessary because of an accounting error in Q1 (an invoice for a down payment was accidentally booked as sales).

Note: The numbers for single quarters do not add up to reported year to date numbers due to the use of different exchange rates from EUR to SEK.

### Consolidated Income Statement

Amounts in TSEK	01.07.2020	01.07.2019	01.01.2020	01.01.2019	01.01.2019
	Not 30.09.2020	30.09.2019	30.09.2020	30.09.2019	31.12.2019
<b>Operating income</b>					
Sales	-339	52	774	550	827
Increase in finished good and inventories and work in progress	0	0	0	0	0
Other operating income	593	58	1.783	143	2.015
<b>Total</b>	<b>254</b>	<b>110</b>	<b>2.557</b>	<b>693</b>	<b>2.842</b>
Cost of materials	-155	-60	-729	-504	-715
Personnel costs	-3.105	-1.778	-7.525	-5.009	-7.283
Other external expenses	-904	-987	-2.499	-2.384	-3.560
Other operating expenses	0	-1	-6	-57	-57
Depreciation	-229	-70	-494	-137	-200
<b>Total</b>	<b>-4.393</b>	<b>-2.896</b>	<b>-11.253</b>	<b>-8.091</b>	<b>-11.815</b>
<b>Earnings Before Interest and Taxes (EBIT)</b>	<b>-4.139</b>	<b>-2.786</b>	<b>-8.696</b>	<b>-7.398</b>	<b>-8.973</b>
Financial income	40	297	40	465	415
Financial expenses	-14	-31	-95	-41	-371
	<b>26</b>	<b>266</b>	<b>-55</b>	<b>424</b>	<b>44</b>
<b>Financial expenses</b>					
<b>Loss after financial items</b>	<b>-4.113</b>	<b>-2.520</b>	<b>-8.751</b>	<b>-6.974</b>	<b>-8.929</b>
<b>Taxes</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Loss for the year</b>	<b>-4.113</b>	<b>-2.520</b>	<b>-8.751</b>	<b>-6.974</b>	<b>-8.929</b>



## Consolidated Balance Sheet

Amounts i TSEK	30.09.2020	30.09.2019	31.12.2019	Amounts i TSEK	30.09.2020	30.09.2019	31.12.2019
<b>Assets</b>				<b>Equity</b>			
<b>Non-current assets</b>				Share capital	1.199	748	748
Intangible assets				Unregistered share capital	0	0	0
Intangible fixed assets	259	2	2	<b>Total</b>	<b>1.199</b>	<b>748</b>	<b>748</b>
<b>Total</b>	<b>259</b>	<b>2</b>	<b>2</b>				
<b>Machinery and equipment</b>				Accumulated profit or loss	-11.384	-2.152	-2.278
Goodwill	1.419	0	0	Share premium reserve	43.321	14.459	14.596
Machinery	1.164	202	181	Shareholder's contribution recieved	0	0	0
Equipment	1.146	213	190	Translation losses on consolidation	31	0	0
Construction in progress	232	0	0	Loss for the period	-8.751	-6.974	-8.929
<b>Total</b>	<b>3.961</b>	<b>415</b>	<b>371</b>	<b>Total</b>	<b>23.217</b>	<b>5.333</b>	<b>3.389</b>
<b>Financial assets</b>				<b>Total equity</b>	<b>24.416</b>	<b>6.081</b>	<b>4.137</b>
Shares in group companies	0	0	0	<b>Non-current liabilities</b>			
Due from Group companies	0	0	0	Loans from Group companies	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total non-current assets</b>	<b>4.220</b>	<b>417</b>	<b>373</b>	<b>Current liabilities</b>			
<b>Current assets</b>				Liabilities to credit institutions	274	0	0
Inventories	0	0	0	Accounts payables	813	55	103
Finished good and merchandise	279	16	16	Payments received	1.751	764	743
<b>Total</b>	<b>279</b>	<b>16</b>	<b>16</b>	Other short term liabilities	2.605	2.856	3.352
<b>Current receivables</b>				Accrued expenses and deferred income	6.179	534	3.665
Accounts receivable	41	134	127	<b>Total</b>	<b>11.622</b>	<b>4.209</b>	<b>7.863</b>
Accrued non-invoiced revenue	1.600	1.297	1.260	<b>TOTAL EQUITY AND LIABILITIES</b>	<b>36.038</b>	<b>10.290</b>	<b>12.000</b>
Other short-term receivables	964	471	760				
Prepaid expenses and accrued income	4.008	13	348				
<b>Total</b>	<b>6.613</b>	<b>1.915</b>	<b>2.495</b>				
<b>Cash and cash equivalents</b>							
Cash and cash equivalents	24.926	7.942	9.116				
<b>Total</b>	<b>24.926</b>	<b>7.942</b>	<b>9.116</b>				
<b>Total current assets</b>	<b>31.818</b>	<b>9.873</b>	<b>11.627</b>				
<b>Total assets</b>	<b>36.038</b>	<b>10.290</b>	<b>12.000</b>				

## Consolidated Cash-Flow-Statement

Amounts in TSEK	01.01.2020 30.09.2020	01.01.2019 30.09.2019	01.01.2019 31.12.2019
<b>Operating activities</b>			
Profit/loss after financial items	-8.751	-223	-8.929
Adjustments for items not included in cash flow	43	0	-38
	0	0	0
<b>Cash flow from operating activities before change in working capital</b>	<b>-8.708</b>	<b>-223</b>	<b>-8.967</b>
<b>Cash flow from change in working capital</b>			
Change in inventories	14	0	0
Change in operating receivables	706	-228	-550
Change in operating liabilities	3.760	984	4.348
<b>Cash flow from continuing operations before changes in working capital</b>	<b>4.480</b>	<b>756</b>	<b>3.798</b>
<b>Cash flow from operating activities</b>	<b>-4.228</b>	<b>533</b>	<b>-5.169</b>
<b>Investing activities</b>			
Investments in intangible assets	0	0	0
Investments in tangible fixed assets	-314	0	-231
Divestments of intangible assets	0	0	0
Acquisition of financial assets	-2.721	-9.847	0
Disposal of intangible assets	0	0	0
<b>Cash flow from investing activities</b>	<b>-3.035</b>	<b>-9.847</b>	<b>-231</b>
<b>Financing activities</b>			
Deposit share capital	0	0	0
New share issue	0	445	0
New share issue in progress	24.681	0	0
Issue expenses	-1.608	-64	-138
Shareholder's contribution	0	-1.034	0
<b>Cash flow from financing activities</b>	<b>23.073</b>	<b>-653</b>	<b>-138</b>
<b>Cash flow for the year</b>	<b>15.810</b>	<b>-9.967</b>	<b>-5.538</b>
<b>Cash and cash equivalents begin of period</b>	<b>9.116</b>	<b>11.786</b>	<b>14.654</b>
<b>Cash and equivalents end of period</b>	<b>24.926</b>	<b>1.819</b>	<b>9.116</b>

## Parent Company Income Statement

Amounts i TSEK	01.07.2020 30.09.2020	01.07.2019 30.09.2019	01.01.2020 30.09.2020	01.01.2019 30.09.2019	01.01.2019 31.12.2019
<b>Operating Income</b>					
Sales	0	0	0	0	0
Other operating income	0	22	0	22	22
<b>Total</b>	<b>0</b>	<b>22</b>	<b>0</b>	<b>22</b>	<b>22</b>
<b>Operating Expenses</b>					
Personnel costs	0	-178	-79	-178	-277
Other external expenses	-285	-217	-916	-524	-690
Other operating expenses	0	-1	-6	-57	-57
Depreciation	0		0	0	0
<b>Total</b>	<b>-285</b>	<b>-396</b>	<b>-1.001</b>	<b>-759</b>	<b>-1.024</b>
<b>Earnings Before Interest and Taxes (EBIT)</b>	<b>-285</b>	<b>-374</b>	<b>-1.001</b>	<b>-737</b>	<b>-1.002</b>
<b>Profit from financial items</b>					
Profit/loss from other securities and receivables accounted for as non-current assets					104
Financial income	40	297	40	529	439
Financial expenses	-13	-6	-75	-15	-370
	27	291	-35	514	173
<b>Loss after financial items</b>	<b>-258</b>	<b>-83</b>	<b>-1.036</b>	<b>-223</b>	<b>-933</b>
<b>Allocations</b>					
<b>Profit before tax</b>	<b>-258</b>	<b>-83</b>	<b>-1.036</b>	<b>-223</b>	<b>-933</b>
<b>Tax on profit for the year</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>This year's result</b>	<b>-258</b>	<b>-83</b>	<b>-1.036</b>	<b>-223</b>	<b>-933</b>

## Parent Company Balance Sheet

Amounts i TSEK	30.09.2020	30.09.2019	31.12.2019	Amounts i TSEK	30.09.2020	30.09.2019	31.12.2019
<b>Assets</b>				<b>EQUITY AND LIABILITIES</b>			
<b>Fixed Assets</b>				<b>Equity</b>			
<i>Financial assets</i>				<i>Non-distributable equity</i>			
Shares in Group companies	20.379	259	15.452	Share capital	1.199	748	748
Due from Group companies		15.503	0	Unregistered share capital		0	0
<b>Total fixed assets</b>	<b>20.379</b>	<b>15.762</b>	<b>15.452</b>	<b>Total</b>	<b>1.199</b>	<b>748</b>	<b>748</b>
<b>Current assets</b>				<i>Distributable equity</i>			
Other short-term receivables	194	198	234	Accumulated profit or loss	-1.273	-444	-444
Receivables from group companies	527	0		Share premium account	43.322	14.669	14.596
Prepaid expenses and accrued income	4.050	128	446	Shareholders contribution recieved		0	0
<b>Total</b>	<b>4.771</b>	<b>326</b>	<b>680</b>	Loss for the period	-1.038	-223	-829
<i>Cash and cash equivalents</i>				<b>Total</b>	<b>41.011</b>	<b>14.002</b>	<b>13.323</b>
Cash and cash equivalents	19.792	1.819	1.385	<b>Total equity</b>	<b>42.210</b>	<b>14.750</b>	<b>14.071</b>
<b>Total</b>	<b>19.792</b>	<b>1.819</b>	<b>1.385</b>				
<b>Total current assets</b>	<b>24.563</b>	<b>2.145</b>	<b>2.065</b>	<b>Current liabilities</b>			
<b>Total assets</b>	<b>44.942</b>	<b>17.907</b>	<b>17.517</b>	Accounts payable	385	58	136
				Other short term liabilities	1.943	2.852	2.852
				Accrued expenses and deferred income	404	247	458
				<b>Total</b>	<b>2.732</b>	<b>3.157</b>	<b>3.446</b>
				<b>TOTAL EQUITY AND LIABILITIES</b>	<b>44.942</b>	<b>17.907</b>	<b>17.517</b>

## Parent Company Cash-Flow Statement

Amounts in TSEK	01.07.2020	01.01.2020	01.01.2019
Consolidated Cash Flow Statement	30.09.2020	30.09.2020	31.12.2019
<b>Operating activities</b>			
Profit/loss after financial items	-259	-1.038	-829
Adjustments for items not included in cash flow			311
Income tax paid			0
<b>Cash flow from operating activities before change in working capital</b>	<b>-259</b>	<b>-1.038</b>	<b>-518</b>
<b>Cash flow from change in working capital</b>			
Change in inventories	0	0	0
Change in operating receivables	-26	-237	-584
Change in operating liabilities	5	-670	1.275
<b>Cash flow from continuing operations before changes in working capital</b>	<b>-21</b>	<b>-907</b>	<b>691</b>
<b>Cash flow from operating activities</b>	<b>-280</b>	<b>-1.945</b>	<b>173</b>
<b>Investing activities</b>			
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	0	-2.721	-9.847
Disposal of intangible assets	0	0	0
<b>Cash flow from investing activities</b>	<b>0</b>	<b>-2.721</b>	<b>-9.847</b>
<b>Financing activities</b>			
Deposit share capital	0	0	0
New share issue	0	24.681	445
New share issue in progress	0	0	0
Issue expenses	0	-1608	-138
Shareholder's contribution repayed	0	0	-1.034
<b>Cash flow from financing activities</b>	<b>0</b>	<b>23.073</b>	<b>-727</b>
<b>Cash flow for the year</b>	<b>-280</b>	<b>18.407</b>	<b>-10.401</b>
<b>Cash and cash equivalents at the beging of the period</b>	<b>20.072</b>	<b>1.385</b>	<b>11.786</b>
<b>Cash and equvalents at end of the period</b>	<b>19.792</b>	<b>19.792</b>	<b>1.385</b>



## 7 News after the Reporting Period

### **Green light for development of groundbreaking solar process heating and cooling system**

Industrial Solar GmbH, the Bavarian Centre for Applied Energy Research and the Fraunhofer Institute for Solar Energy Systems partner up in a consortium for the German government-funded research project SunBeltChiller. The project aims to develop and demonstrate an innovative multi-stage solar thermal energy system for cooling and process heat – a system of severe importance for the sunbelt region suffering from increasing ambient temperatures and water scarcity due to climate change. Industrial Solar's funding volume for the project supported by the German Federal Ministry of Economics and Energy (BMWi) amounts to € 209.000.

### **Innovative MD pilot project launched at municipal wastewater treatment in Forchheim/Germany**

Within the project "Ammonium MD", the Freiburg-based company SolarSpring GmbH developed a novel membrane distillation pilot system for Forchheim's municipal wastewater treatment which was commissioned on site. The main goal of the project is the development and investigation of a novel, energy efficient membrane contactor process for the removal of ammonia from municipal and industrial wastewater treatment plants with anaerobic digestors. The system runs on waste heat in order to minimize CO<sub>2</sub> emissions and is based on membrane distillation technology. An important part of the project, besides the technical evaluation, is the holistic ecological and economic analysis of the process in comparison with the state of the art in order to quantify the potential reduction of environmental impacts.

The partnership project is co-funded by the German Federal Environmental Foundation and runs until June 2021. The total funding volume amounts to 296 k€, and SolarSpring will receive a funding of 65 k€.

The project consortium consists of 4 partners: SolarSpring GmbH |Membrane Solutions, Fraunhofer Institute for Solar Energy Systems, University of Stuttgart and the Association for Sewage Treatment Breisgauer Bucht. All partners expect a significant reduction of resources, costs and energy compared to the state of the art.

### **Notice of Extra Shareholders Meeting**

On November 19<sup>th</sup>, 2020, Industrial Solar Holding Europe AB invited to an extra Shareholders' Meeting on December 18<sup>th</sup>, 2020. The purpose of the meeting is the change of the company name as the current name is no longer matching the business model after the acquisition of SolarSpring GmbH. Since the company is now able to offer technologies for wastewater treatment in addition to its solar thermal solutions, the corporate name of the company will be changed to Clean Industry Solutions Holding AB.

### **SolarSpring sells MD Lab to Khalifa University, Abu Dhabi**

SolarSpring GmbH will be delivering a customized membrane distillation (MDLab) unit to the Department of Chemical Engineering, Khalifa University, Abu Dhabi – the laboratory provides knowledge and a deeper understanding of chemical processes in United Arab Emirates (UAE).

The contract was closed within an official tender and has a volume of USD 92,000. The MD Lab system made by SolarSpring, a highly precise laboratory unit, is fully automatic and suitable for the investigation of all aspects of the membrane distillation process as well as materials research.

A special test cell design: The transparent MD cell allows light to diffuse through its outer layer in order to heat the water inside. The membrane distillation cell can be shifted closer or away from the solar simulator to increase or decrease the solar irradiation intensity onto the cell. The transparent material has a minimal thickness to increase the intensity of the solar irradiation transmitted into the membrane through the body of the cell.

## 8 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 01.07.2020 - 30.09.2020. 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 30.09.2020.

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

The next reporting dates in 2020 are:

4<sup>th</sup> Quarterly report 2020 – 26.02.2021

Härnösand, November 26<sup>th</sup>, 2020



Olle Olssen  
Chairman  
Board Member



Christian Zahler  
CEO and  
Board Member



Tobias Schwind  
Board Member



Joao Gomes  
Board Member



Daniel Pfeifle  
Board Member



Markus Augustsson  
Board Member

## 9 Contact

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