



Annual Report 2020

Prepared by

Clean Industry Solutions Holding Europe AB

WORLD
ECONOMIC
FORUM

**"Right now, we are facing a
man-made disaster of global
scale. Our greatest threat in
thousands of years.
Climate change."**

David Attenborough
Broadcaster and naturalist

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Statement by the board of Directors

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

Stockholm on April 28, 2021, Board of Directors

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

1 The Year in Brief

Apart from the omnipresent pandemic, the major development for the holding was the acquisition of SolarSpring, a solution provider for industrial water treatment. More details on our activities are briefly summarized below.

Market and Sales

As Industrial Solar is providing its solutions internationally, the sales activities were influenced heavily by the pandemic as travel came to a pause and potential clients postponed investments. We used this time to work on fostering the position in the domestic market, redefining our value proposition and shifting to virtual sales activities such as webinars. While the initial targets could not be met, the developments already bore fruits with a first project being secured and another project under development being enhanced. In 2020, Industrial Solar GmbH offered a total of 118 solutions to prospective clients with an aggregated turnover potential exceeding € 200m. At the same time we witnessed a strong growth in requests from multinational companies with ambitious decarbonization targets.

At the beginning of 2020, SolarSpring was able to pick up speed thanks to the acquisition by CISH. The sales resources of Industrial Solar were used to actively market membrane distillation. The first successes were achieved with sales to Abu Dhabi and the USA. SolarSpring's sales partners have also successfully sold the drinking water solution in Kenya, Congo and Colombia. The next step will be international marketing. The first concrete contacts have already been established.

Business Development and Partnerships

To optimize our sales process and to enhance the added value for our clients, we built up partnerships with other technology providers and investors. The most important event in 2020 for the company, however, was the acquisition of SolarSpring GmbH, which allows us to address two crucial issues for both humankind and sustainable industrial production: clean energy and clean water. SolarSpring, a spin-off of the largest solar research institute in Europe, the Fraunhofer Institute for Solar Energy Systems (ISE), was founded in 2009 and has evolved into an international pioneer in the field of membrane distillation, offering innovative waste- and drinking water treatment technology. Its technology is especially suitable for water treatment in industry and requires heat for its operation. Jointly, Industrial Solar and SolarSpring will offer sustainable energy and water treatment solutions to industry.

Technology

In 2020, Industrial Solar launched its remote monitoring tool, enhancing the value proposition of our clients by easing plant supervision. In addition, the technical developments mainly focused on standardization of plants periphery which will lower hardware costs and installation time for our projects.

SolarSpring has found a production method for the membrane distillation modules that makes it possible to produce almost 80% cheaper. At the same time, the new process gives more possibilities in the internal module design, which has a direct effect on the efficiency and thus on the profitability of the systems.

R&D

In 2020, Industrial Solar GmbH was granted two further R&D projects on national level and one more on European level. Both AuSeSol and SunBeltChiller are projects funded by the German government that will grant the company a total of € 240,000. AuSeSol ran for 6 months and aimed at the development of a strategy and a detailed project proposal for the integration Artificial Intelligence into solar thermal heating and power generation and introducing autonomous monitoring and operation. In the SunBeltChiller project, Innovative multi-stage solar thermal energy systems for cooling and process heat are to be developed.

The Horizon 2020 project INNOWWIDE had a duration of 6 months and supported Industrial Solar GmbH with a funding of € 60,000. The purpose of the pilot call was to support highly innovative European SMEs to enter international markets, helping them to conduct Viability Assessment Projects in cooperation with stakeholders from target countries.

For SolarSpring GmbH, three proposals for R&D projects funded by the German government were accepted. In the project BrineMine, SolarSpring and its partners are developing a process for the extraction of valuable materials and drinking water from geothermal sources in Chile. The project AmmoniumMD aims at the energy efficient recovery of ammonia from municipal wastewater using membrane distillation, whereas in the project HaSiMem the focus is on the recovery of salt and water from stockpile leachate through a combined membrane distillation-crystallization process. The funding of all three projects for SolarSpring GmbH amounts to € 491,000 over the next three years.

2 Consolidated Key Figures

Months from 01.01.2020 to 31.12.2020 (01.01.2019 to 31.12.2019)

- The company's sales amounted to 2,018 (827) TSEK
- Increase in finished goods, inventories and work in progress -1,289 (0) TSEK
- Own work capitalized 317 (0) TSEK
- Other operating income 3,527 (2,015) TSEK
- Total Income 4,573 (2,842) TSEK
- Cost of Material 1,516 (715) TSEK
- Personnel costs 11,778 (7,283) TSEK
- Other external expenses 3,853 (3,560) TSEK
- Other operating expenses 80 (57) TSEK
- Depreciation 730 (200) TSEK
- Total Costs 17,957 (11,815) TSEK
- Earnings before interest and taxes -13,384 (- 8,973) TSEK
- Financial profit (+) / loss (-) -139 (44) TSEK
- Loss after financial items 13,523 (8,929) TSEK
- Result per share amounted -0,39 (-0.78) SEK
- The Board proposes the result to be balanced on a new account
- Cash and cash equivalent at the end of the periode 20,352 (9,116) TSEK
- In 2020 the company submitted 150 quotations with a sales potential of 276 m€. While nine projects had an individual investment exceeding 5 m€ per project, most projects are in the range of 0.8 to 1.6 m € per project.

Results in Brief

Results in Brief in TSEK	01.01.2020	01.01.2019
	31.12.2020	31.12.2019
Operating Income	4,573	2,842
Operating Costs	- 17,957	- 11,815
Operating Result	- 13,384	- 8,973
Result of the Period	- 13,523	- 8,929

3 Statement from the Chairman and CEO



Olle Olsson, Chairman of the Board

Within the last years, we not only witnessed a pandemic but also changes in the way we live, work and move that we could not have imagined before. That's a sign of hope in light of the larger challenge – climate change – which still lays ahead of us. Clean Industry Solutions Holding Europe AB provides comprehensive decarbonization and water treatment solutions to industry. Especially in the more difficult to abate sector of renewable process heating, Industrial Solar GmbH is a world leading company, while SolarSpring GmbH has solutions to cut the industrial fresh water demand and recover precious materials. There is a global consensus that the COVID-19 recovery has to be green, and, even during the pandemic, the commitments to reach net zero emissions from local governments and companies have doubled within the last year. Thus, the expectations for Clean Industry Solutions Holding Europe AB are set for growth.



Christian Zahler, CEO

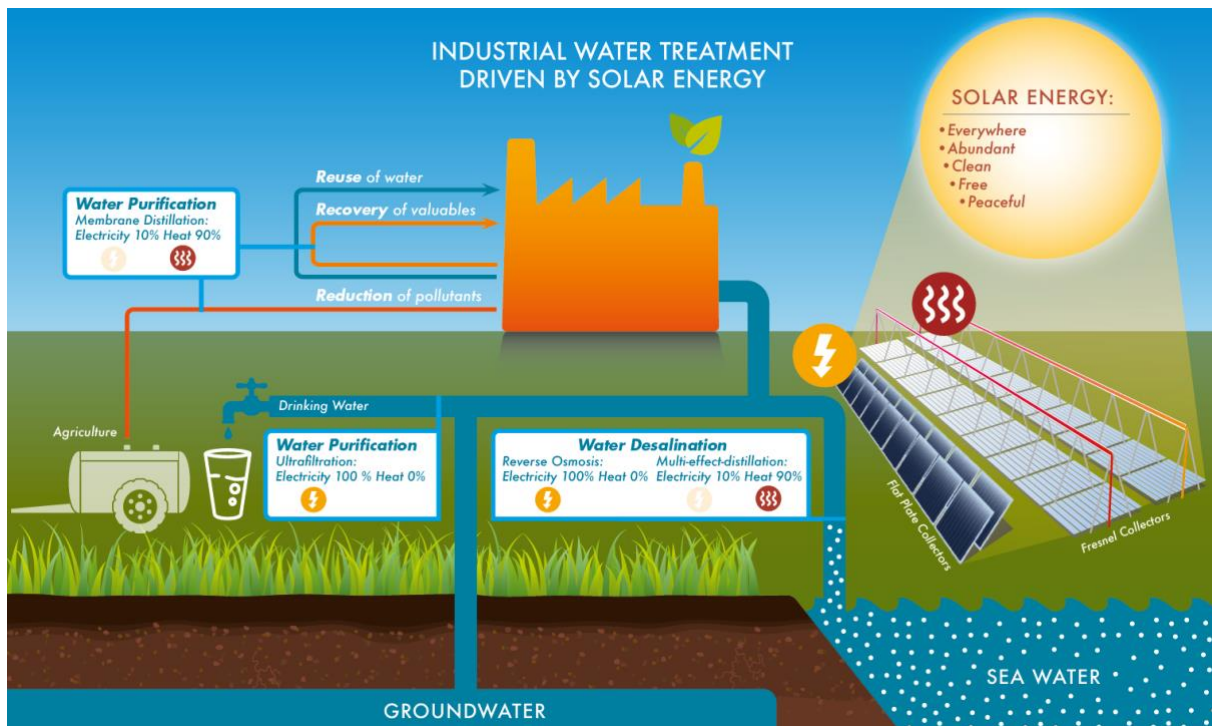
Like almost every company worldwide, Clean Industry Solutions Holding Europe AB was affected by the prevailing COVID-19 situation in 2020. Our international project business came to a sudden halt. However, as a direct outcome from this situation, we decided to develop our home market in Germany and its neighbouring countries with a broader portfolio of technologies and services. And we can already record first regional orders for PV installations in our home region around Freiburg.

The most important event for our company, though, was the acquisition of SolarSpring GmbH. The integration of its technologies into the company portfolio has already proven to be a great addition to our range of solutions. Both Industrial Solar GmbH and SolarSpring GmbH started to work at full speed on their synergies and complementation which are a huge benefit for both companies' customers.

The acquisition of SolarSpring and the subsequent broadening of the company's portfolio also led to another significant decision the board agreed on: In December 2020, first arrangements were made to initiate the name change of the company which was finalized in March 2021. The former Industrial Solar Holding Europe AB is now called Clean Industry Solutions Holding Europe AB.

4 Acquisition of SolarSpring GmbH

Industrial energy and water supply are interdependent and both will undergo major changes in the ongoing green transformation. In respect of water, it is not only about securing water availability but also about treating water to meet process standards, minimizing waste water and recovering precious components from waste water streams. As all of these processes are energy intensive, there is an *industrial water-energy nexus*. SolarSpring provides water treatment solutions based on membrane distillation technology, which is repeatedly identified as superior to current practices. Membrane distillation has high thermal energy requirements – whereas Industrial Solar is a renown solution provider for renewable thermal solutions.



With the acquisition of SolarSpring, we broaden our portfolio for industrial customers, increase our added value by joint solutions, and create synergies in business development and administration.

For industries with a high process heat demand, water treatment is also often an essential issue. SolarSpring GmbH is an equipment manufacturer of innovative membrane-based water treatment systems. The company is an absolute pioneer in the field of membrane distillation for industrial wastewater treatment. Through years of experience, they have developed innovative systems like their rEvap (recovery evaporation) membrane technology which provides a solution for many industrial sectors which either aim to reuse process liquids or where sensitive liquid products require concentration. This can include processes like recovering acids in the metallurgical industry, concentrating salty pickling solutions in the food industry or reducing the volume of a hazardous mixed waste stream before disposal.

Their novel technology allows the recycling and reuse of valuable compounds of the wastewater and the reduction of wastewater volume. SolarSpring provides the entire value chain from conceptual design to turnkey installation. Where conventional wastewater treatment methods reach their limits or the disposal of process fluids exceeds the financial scope, SolarSpring technology steps in. By combining the technologies of Industrial Solar and

SolarSpring, waste heat from thermal processes can be used to power the rEvap systems which need only a temperature level of 85 °C.

Seeing the possibilities which can evolve from a combination of the technologies of Industrial Solar and SolarSpring initiated Clean Industry Solutions's decision to acquire SolarSpring. The goal of this acquisition is to offer a broader basis of technologies to industrial customers on the way to a sustainable circular economy.

Apart from the obvious technological match between Industrial Solar and SolarSpring, there is also a clear strategic match in terms of markets and customers and such sales activities.

Business Model

SolarSpring's business models can be divided into two parallel but different approaches. One focuses on the supply of people with purified water. The other one contributes to the development and design of services that increase energy productivity and improve material cycles in different industry sectors. The company focuses on tailor-made systems to find solutions for the challenges related to wastewater treatment and drinking water treatment. The company aims for reduced use of chemicals by designing systems with minimal or no chemical consumption. For instance, the membrane distillation filtering process is designed to treat wastewater with its own process waste heat.

The environmental impacts of Solar Spring's business model are versatile. The reduction of energy and material consumption results in the reduction of greenhouse gas (GHG) emissions. Additionally, the on-site recycling of waste materials reduces logistics and, thus, contributes to the decrease of emissions and resource efficiency.

By recycling contaminated wastewater, the environment can be protected, CO₂ consumption can be reduced, and groundwater contamination can be prevented. Additionally, SolarSpring's industrial customers can reuse their process water within their own production and, if necessary, the added raw materials or chemical inputs can be recovered and, depending on the initial situation (quality of the filtration result), returned to the process. The available process waste heat can also be excellently incorporated into the membrane distillation in order to power the process. This closed economy circular loop is a win-win situation. In addition, the payback period is around 2-3 years from the customer's point of view, depending on the plant and volume.

The products for drinking water treatment are comparatively standardized, have straight sales processes via partners and will need no or only minor adjustments for the clients. Accordingly, the create a continuous revenue stream which is expected to continue its growth. For the industrial water treatment sales cycles are longer as the products are tailormade for the specific application. Accordingly, there are greater fluctuations in turn-over. At the same time within this business unit also more services are requested for engineering or maintenance. To balance the revenue stream a new business model is also planed – contracting.

Vision and Mission

The mission of SolarSpring GmbH is to develop and operate sustainable water solutions that can help people around the world. This is how the company realizes their vision, as a customer-oriented solution provider, representing a smart and resource-efficient world.

SolarSpring offers high-quality, future-oriented membrane and ultrafiltration systems for this area of application, which actively supports their customers in the elementary task of ensuring an economical water supply.

Wherever possible, SolarSpring cooperates with local and regional suppliers in an attempt to limit environmental impacts.

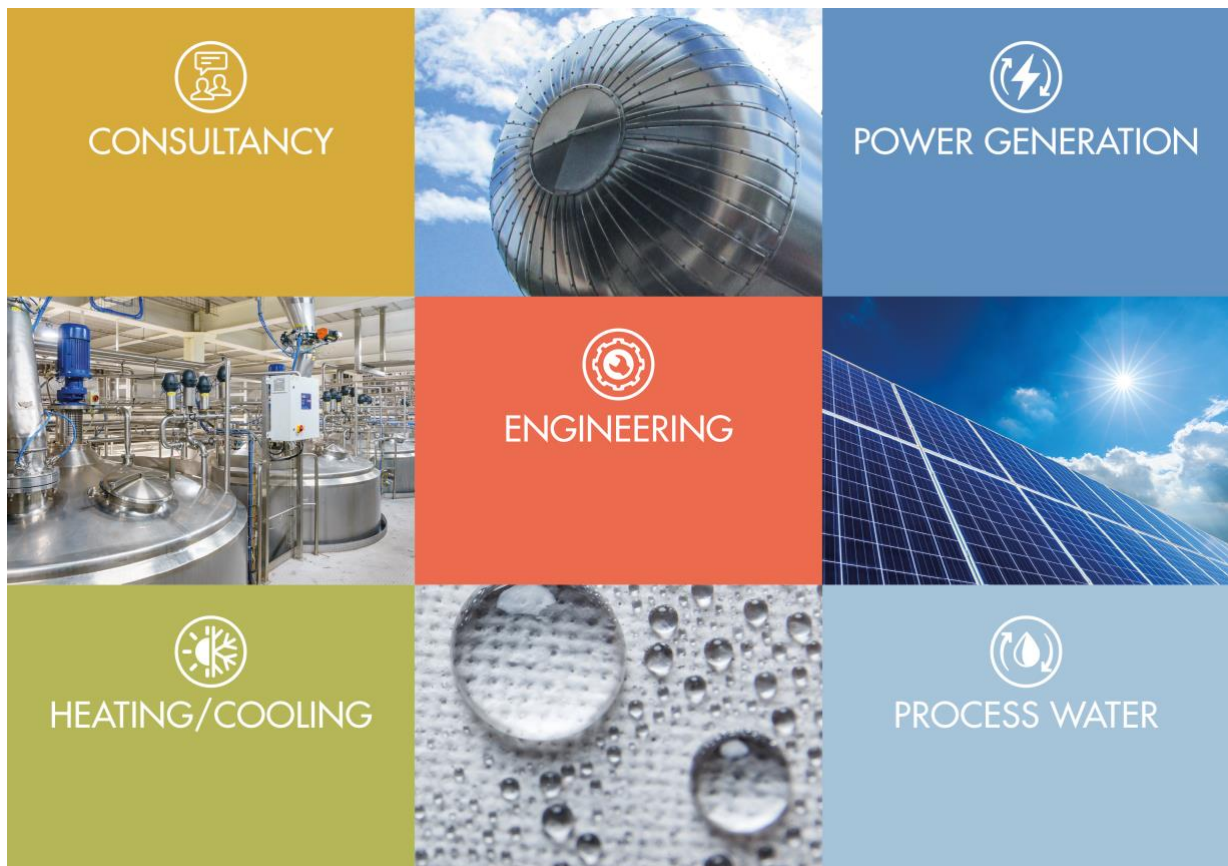
In the long term, the company would like to help all their major industrial customers from various sectors to reduce CO₂ emissions, to use their own process waste heat profitably and efficiently, and to treat the process and rinse water so that the advantages of the circular economy can be financially realized.

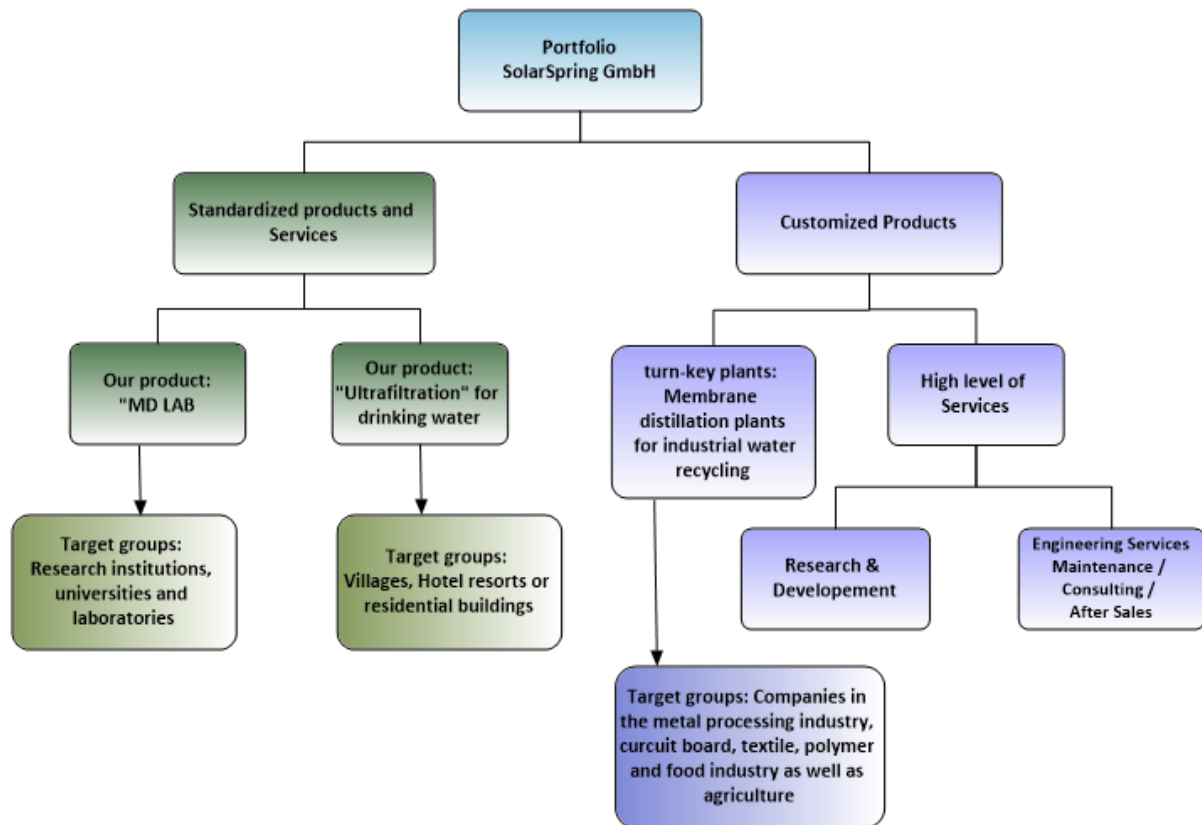
5 Business Description

Clean Industry Solutions Holding Europe AB invests in companies which provide solutions for a sustainable industry and a circular economy. For the time being, the two subsidiaries Industrial Solar GmbH and SolarSpring GmbH offer solutions for the supply of clean energy and clean water for industry. Both markets will witness a tremendous growth, the driving forces being decarbonization and water scarcity. Clean Industry Solutions Holding Europe AB follows a buy and build strategy by investing in independently operating innovative companies in the mentioned growth markets. Each investment decision is based on a comprehensive due diligence process by the Company, focusing on high growth potential, market status (successful market entry completed and commercial revenues) and convincing teams. The profound technical and commercial experience of the Company is a major asset in the selection process. The buy and build strategy provides further advantages for each company and accordingly the holding, namely:

- minimized risks of individual investments;
- accelerated growth of each company due to synergies in sales and business development;
- synergies in administration and financing lower operating costs for subsidiaries;

While in the future further investments which fit our objectives are foreseen, there are currently no concrete negotiations.





6 Achievements 2020

Despite the impacts of the COVID-19 situation, the year 2020 was very exciting with several efforts and highlights.

Industrial Solar on TV



The German TV channel "Welt der Wunder" produced a documentary about Industrial Solar for their new format "Green Life" which was published on Youtube with Swedish and English subtitles.

Higher efficiency at lower costs - Industrial Solar's LF-11 Fresnel collector cracks the mark of 70% optical efficiency

The engineers of Industrial Solar are constantly working on their Fresnel collector design to increase efficiency and to bring down cost. A raytracing study by Fraunhofer ISE proved that they were successful as the optical efficiency reached the 70% mark.

Industrial Solar installs Organic Rankine Cycle Turbine in Qatar



Industrial Solar installed a solar thermally driven Organic Rankine Cycle Turbine in Doha, Qatar. The showcase project is an upgrade for a Fresnel Collector built in 2013 at the Qatar Foundation Science and Technology Park.

Innovative and cost-efficient solution for rooftop integration of Fresnel solar collectors

Industrial Solar launched a new version of its LF-11 Fresnel collector that reduces both costs and weight of the substructure by up to 50%. The new feature uses integrated lightweight platform walkways along the collector structure, permitting integration onto uneven roofs.

Industrial Solar and Kyotherm jointly offer Solar Process Heat solutions without capital investments for end users



Besides optimal technology for solar process heating solutions, Industrial Solar's clients also require suitable financing packages. To meet the latter, the company signed a Memorandum of Understanding with Kyotherm – an investment company that specializes in the third-party financing of renewable heat production projects and energy efficiency projects – to jointly offer industrial companies solar process heat as a service - without capital investment requirements for the end users.

German engineering for clean water all over the world

With its latest innovation rEvap, SolarSpring comes into play where the industry is facing challenges. Around the world, a continuous increase in environmental toxins and pollution from industrial emissions can be observed. This leads to stricter discharge regulations, especially for companies in the galvanic, plastics and food industries. With the rEvap, SolarSpring offers

a novel solution for wastewater treatment and resource recovery with innovative membrane technology: substances and resources from industrial rinsing solutions can be concentrated or cleaned to such an extent that they can be reused and fed back into the industrial process. Energy and material cycles are thus closed and industrial processes are made more sustainable.

Industrial Solar GmbH joins Austria Solar



On June 25th, 2020, the board of Austria Solar decided to admit Industrial Solar GmbH in their association. Austria Solar brings together most well-known suppliers of solar heating systems.

SolarSpring delivers two more solar-powered drinking water systems to Colombia

SolarSpring's sales partner Col Energy has been supplied with two more drinking water plants. These were also installed in remote police stations in the jungle to supply the emergency services with clean water. Thus, SolarSpring can contribute a small part to the ongoing peace process in Colombia.

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, 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.

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

The project partners cooperated in the five-month project AuSeSol, financed by the German Federal Ministry for Environment, Nature Conservation and Nuclear Safety, that aimed to integrate Artificial Intelligence in Solar Thermal Heating and Power Generation and introduce autonomous monitoring and operation.

MoU - Solar UV (US)



Industrial Solar GmbH and Solar UV Solutions from Indianapolis/United States 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.

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

With its membrane distillation technology, SolarSpring GmbH 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.

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 project had a duration of 6 months and assessed 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.

SolarSpring sells MD Lab to University of Toledo, Ohio



SolarSpring GmbH delivered 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.

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 partnered 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.

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

Within the project "Ammonium MD", SolarSpring GmbH develops 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.

SolarSpring sells MD Lab to Khalifa University, Abu Dhabi

SolarSpring GmbH delivered 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).

Public funding for technology to reduce salt load in wastewater

SolarSpring GmbH, K-UTEC AG, K+S Group, LMBV and Fraunhofer IKTS join efforts in the project HaSiMem for the recovery of salt and water from stockpile leachate through a combined membrane distillation-crystallization process. The project is funded by the German Federal

Ministry of Education and Research (BMBF) and is of model character and can be applied to chemical industry sites which produce wastewater containing sodium chloride.

Industrial Solar proud partner of Moët Hennessy Louis Vuitton (LVMH) Climate Week

LVMH
MOËT HENNESSY • LOUIS VUITTON

Industrial Solar was one of the 18 'Solar Impulse'-labelled solutions that were selected to participate in the 2020 LVMH Moët Hennessy Louis Vuitton Climate Week from 8-11 December – an online event to allow the group to actively contribute to sustainable luxury.

7 Management Report

About the company in general

The corporate group consists of the the parent company Clean Industry Solutions Holding Europe AB (559110-3972) and the two fully owned subsidiaries Industrial Solar GmbH and SolarSpring GmbH in Germany. The corporate group is located in Stockholm, Sweden.

Industrial Solar GmbH

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.

The company is located in Germany.

The result for Industrial Solar GmbH before taxes and transfers to/from untaxed reserves is -7,866 TSEK.

SolarSpring GmbH

Founded in 2009 as a spin-off of the Fraunhofer Institute for Solar Energy Systems (ISE), SolarSpring GmbH – membrane solutions has evolved into a global expert in the field of membrane distillation offering an innovative waste- and drinking water treatment technology. The company is located in Freiburg / Germany.

The result for SolarSpring GmbH before taxes and transfers to/from untaxed reserves is - 3,570 TSEK.

The Parent Company

Clean Industry Solutions Holding Europe AB, which was registered 2017-04-28, invests in companies which provide solutions for a sustainable industry and a circular economy. The company has its seat in Stockholm, Sweden.

Development of the company's business, results and position

Corporate Group

<i>Financial overview (in TSEK)</i>	2020	2019	2018	2017
Balance sheet total	31,313	12,000	16,957	0
Net turnover	2,018	827	2,197	0
Solidity	63%	34%	85%	-
Profit/loss after financial items	-13,523	-8,929	-2,058	0

Parent Company

<i>Financial overview (in TSEK)</i>	2020	2019	2018	2017
Balance sheet total	43,850	17,517	18,243	0
Net turnover	0	0	0	0
Solidity	94%	80%	44%	
Profit/loss after financial items	-2,192	-829	-444	0

Corporate Group

<i>Change in equity (in TSEK)</i>	Share capital	Premium fund	Balanced result incl. result for the year	Total
Opening balance 2020-01-01	748	14,596	-11,207	4,137
New share issue	451	30,333		30,784
Issue expenses		-1,607		-1,607
Translation difference		0	-196	-196
Loss for the year			-13,523	-13,523
At the year end 2020-12-31	1,199	43,322	-24,926	19,595

Parent Company

<i>Change in equity (in TSEK)</i>	Share capital	Premium fund	Balanced result incl. result for the year	Total
Opening balance 2020-01-01	748	14,596	-1,273	14,071
New share issue	451	30,333	0	30,784
Issue expenses	0	-1,607	0	-1,607
Loss for the year	0	0	-2,192	-2,192
At the year end 2020-12-31	1,199	43,322	-3,465	41,056

Proposed distribution of profits

Available for the general meeting is:

- Share premium account	43,321,549
- retained losses	-1,272,761
- loss for the year	-2,191,965
	39,856,823

The board suggests that there will be no dividend and that the non-restricted equity is allocated as shown below:

- to be brought forward	<u>39,856,823</u>
	39,856,823

Investments

The investments of this year in the subsidiaries amount to 2,835 TSEK (498 TSEK), out of which intangible assets 280 TSEK (0 TSEK), machinery 1,366 TSEK (267 TSEK) and equipment 1,189 TSEK (231 TSEK).

Important events during the financial year

In Q1 2020, Clean Industry Solutions Holding Europe AB conducted a rights issue that was oversubscribed by 15.4 percent and resulted in proceeds of SEK 24.7 million before deduction of costs.

The main reasons for the share issue were:

- Finance the acquisition and business in SolarSpring GmbH
- Continue developing the Fresnel technology and thereby lowering the system cost
- Co-finance publicly funded R&D projects
- Working capital for the development of new projects
- Working capital for co-financing of Heat Purchase Agreement projects
- Introduce new collaborations and invest in joint ventures in target markets
- Invest in nearby / supplementary technologies to broaden the company's offering and product portfolio
- Marketing in order to raise awareness of the company and products

The acquisition of SolarSpring GmbH was then accomplished through a share deal in Q3, 2020.

Expected future development

The two major factors for the near to midterm market development are the COVID-19 pandemic as well as the accelerating transformation to carbon friendly processes – this holds for both CIS companies, Industrial Solar as well as SolarSpring.

Industrial Solar:

Since the market for industrial process heat is still at an early state, Industrial Solar made major efforts for diversification in the last year and offered more portfolio solutions than ever before. In 2020 the company submitted 105 quotations with a total peak power of 370 MW and a sales potential of 275 m€. While nine projects had an individual investment exceeding 5 m€ per project, most projects are in the range of 0.8 to 1.6 m € per project. While the development from multinationals with ambitious mitigation targets is very promising the implementation of international projects is stronger affected by the pandemic. The German market for Industrial Solar on the other hand is less affected as travelling is easier. Thus, a larger growth is expected in the next year. Yet, the average project size in Germany is smaller.

SolarSpring:

Since the integration of SolarSpring into the Clean Industry Solutions Holding AB, the company has been able to significantly boost its most important R&D topic, the membrane distillation technology development. A sales ready status will be accomplished within 2021 and therefore the market position for the treatment of industrial wastewater by membrane distillation will change completely. A strong indicator towards this potential is already reflected in the increased amount of inquiries that the company is receiving in the first quarter of 2021. At the same time two new public funded projects were granted in Q1 of 2021 with a run time of 3 years each, which are focused on industrial applications using membrane distillation. Together with the strong sales department of Industrial Solar GmbH the company expects a dynamic uptake of sales for membrane distillation systems in 2022, given that no unforeseen scenarios play out regarding the COVID-19 pandemic. A positive sales development has already been

observed in 2020 and early 2021 with respect to the drinking water treatment product line of Multi Barrier Systems (MBS). Here a further ramp up is planned by entering into sales partnerships which will act as multipliers. In total the company submitted 35 quotations with a total sales potential of 740k€.

8 Consolidated Income Statement

The numbers are consolidated from Industrial Solar GmbH/Germany, SolarSpring GmbH / Germany, both 100% subsidiaries, and from Clean Industry Solutions Holding Europe AB / Sweden. The numbers from the subsidiaries 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 11 and 12.

Amounts in TSEK	Notes	FY (01.01.-31.12.)	
		2020	2019
Operating income			
Sales		2,018	827
Increase in finished good, inventories and work in progress		-1,289	0
Own work capitalized		317	
Other operating income		3,527	2,015
Total		4,573	2,842
Cost of materials		-1,516	-715
Personnel costs	3.4	-11,778	-7,283
Other external expenses	2	-3,853	-3,560
Other operating expenses		-80	-57
Depreciation		-730	-200
Total		-17,957	-11,815
Earnings Before Interests and Taxes (EBIT)		-13,384	-8,973
Financial income		40	415
Financial expenses		-179	-371
Financial profit (+) / loss (-)		-139	44
Loss after financial items		-13,523	-8,929
Taxes		0	0
Loss for the year		-13,523	-8,929

The negative result reflects the cost for business, product and system development.

9 Consolidated Balance Sheet

Amounts in TSEK	Notes	31.12.2020	31.12.2019	Amounts in TSEK	31.12.2020	31.12.2019
Assets				Equity		
Non-current assets				Share capital	1.199	748
Goodwill	5	1.341	0	Other paid-in capital	43.321	14.596
Intangible fixed assets	6	232	2	Other equity incl. profit for the year	-24.926	-11.207
Machinery	7	1.368	181	Total equity	19.594	4.137
Equipment	8	1.050	190			
Total non-current assets		3.991	373	Liabilities		
Current assets				Current liabilities		
Inventories				Liabilities to credit institutions	584	0
Finished good and merchandise		387	16	Accounts payables	676	103
Advance payments to suppliers		90	0	Payments received	770	743
Total Inventories		477	16	Other short term liabilities	3.108	3.352
Current receivables				Accrued expenses & defer. income	6.581	3.665
Accounts receivable		909	127	Total Liabilities	11.719	7.863
Accrued non-invoiced revenue		1.297	1.260			
Other short-term receivables		487	760	TOTAL EQUITY AND LIABILITIES	31.313	12.000
Prepaid expenses & accr. income		3.800	348			
Total current receivables		6.493	2.495			
Cash and cash equivalents		20.352	9.116			
Total current assets		27.322	11.627			
TOTAL ASSETS		31.313	12.000			

10 Consolidated Cash Flow

Amounts in TSEK	FY (01.01.-31.12.)	
	2020	2019
Operating activities		
Profit/loss after financial items	-13,523	-8,929
Adjustments for items not included in cash flow	366	-38
Cash flow from operating activities before change in working capital	-13,157	-8,967
Cash flow from change in working capital		
Change in inventories	-184	0
Change in operating receivables	826	-550
Change in operating liabilities	3,857	4,348
Cash flow from continuing operations before changes in working capital	4,499	3,798
Cash flow from operating activities	-8,658	-5,169
Investing activities		
Investments in tangible fixed assets	-458	-231
Acquisition of financial assets	-2,721	0
Disposal of intangible assets	0	0
Cash flow from investing activities	-3,179	-231
Financing activities		
New share issue in progress	24,681	0
Issue expenses	-1,608	-138
Cash flow from financing activities	23,073	-138
Cash flow for the year	11,236	-5,538
Cash and cash equivalents begin of period	9,116	14,654
Cash and equivalents end of period	20,352	9,116

11 Parent Company Income Statement

Amounts in TSEK	FY (01.01.-31.12.)	
	2020	2019
Operating Income		
Sales	0	0
Other operating income	3	22
Total	3	22
Operating Expenses		
Personnel costs	-417	-277
Other external expenses	-1,614	-690
Other operating expenses	-80	-57
Depreciation	0	0
Total	-2,111	-1,024
Earnings Before Interest and Taxes (EBIT)	-2,108	-1,002
Profit from financial items		
Profit/loss from other securities and receivables accounted for as non-current assets		104
Financial income	7	439
Financial expenses	-91	-370
Loss after financial items	-2,192	-829
Profit before tax	-2,192	-829
Tax on profit for the year	0	0
This year's result	-2,192	-829

The negative results reflects the cost for business.

The Board proposes that the loss for the year 2020 of TSEK 2,192 is brought forward.

12 Parent Company Balance Sheet

Amounts in TSEK		31.12.2020	31.12.2019	Amounts in TSEK	31.12.2020	31.12.2019
ASSETS	Notes			EQUITY AND LIABILITIES		
Fixed Assets				Equity		
Financial assets				<i>Non-distributable equity</i>		
Shares in Group companies	9	20,888	15,452	Share capital	1,199	748
Due from Group companies	10	0	0	Total	1,199	748
Total fixed assets		20,888	15,452			
Current assets				<i>Distributable equity</i>		
Other short-term receivables		80	234	Accumulated profit or loss	-1,273	-444
Receivables from group companies		1,011		Share premium account	43,322	14,596
Prepaid expenses & accr. income		3,676	446	Loss for the period	-2,192	-829
Total		4,767	680	Total	39,857	13,323
Cash and cash equivalents				Total equity	41,056	14,071
Cash and cash equivalents		18,195	1,385			
Total		18,195	1,385	Current liabilities		
				Accounts payable	62	136
Total current assets		22,962	2,065	Other short term liabilities	1,954	2,852
				Accrued expenses & defer. income	778	458
TOTAL ASSETS		43,850	17,517	Total	2,794	3,446
				TOTAL EQUITY AND LIABILITIES	43,850	17,517

13 Parent Company Cash Flow

Amounts in TSEK	FY (01.01.-31.12.)	
	2020	2019
Operating activities		
Profit/loss after financial items	-2,192	-829
Adjustments for items not included in cash flow		311
Income tax paid		0
Cash flow from operating activities before change in working capital	-2,192	-518
Cash flow from change in working capital		
Change in operating receivables	-232	-584
Change in operating liabilities	-609	1,275
Cash flow from continuing operations before changes in working capital	-841	691
Cash flow from operating activities	-3,033	173
Investing activities		
Acquisition of financial assets	-3,230	-9,847
Disposal of intangible assets	0	0
Cash flow from investing activities	-3,230	-9,847
Financing activities		
New share issue	24,681	445
Issue expenses	-1608	-138
Shareholder's contribution repayed		-1,034
Cash flow from financing activities	23,073	-727
Cash flow for the year	16,810	-10,401
Cash and cash equivalents at the beging of the peri	1,385	11,786
Cash and equvalents at end of the period	18,195	1,385

14 Notes to the Financial Statements

Note 1 Accounting principles

The consolidated and annual financial statements have been prepared in accordance with the Annual Accounts Act and the Swedish Accounting Standards Board's general guidance BFNAR 2012:1 Annual Accounts and Consolidated Accounts (K3).

Receivables

Receivables are stated at the amounts expected to be received.

Other assets, provisions and liabilities

Other assets, provisions and liabilities have been valued at cost unless otherwise stated below.

Revenue account

Revenue is recognised at the fair value of the consideration received or receivable and is recognised to the extent that it is probable that the economic benefits associated with the transaction will flow to the entity and the revenue can be measured reliably. Deductions have been made for trade discounts, volume discounts and similar price reductions.

Service contracts and construction contracts

Revenue from a contract under a construction contract is recognised as income as work is performed and materials are supplied or consumed.

Assignments under fixed-price construction contracts are recognised as revenue as work is performed under the straight-line method. The economic outcome of fixed-price contracts is calculated as revenue or expense based on the stage of completion at the balance sheet date.

If the economic outcome of a contract cannot be measured reliably, an entity recognises revenue only to the extent of contract costs incurred that are probable of being reimbursed by the customer.

When it is probable that total contract costs will exceed total contract revenue, the entity immediately recognises the expected loss in the income statement.

The percentage of completion is calculated as the expenditure incurred at the balance sheet date in relation to the total estimated expenditure to complete the contract. The difference between recognised revenue and invoiced progress billings is recognised in the balance sheet. Revenue accrued but not invoiced is recognised as a current receivable under the heading Revenue accrued but not invoiced. Revenue invoiced but not yet earned is recognised as a current liability in the item Revenue invoiced but not yet earned.

Goodwill

Goodwill represents future economic benefits arising from a business combination that are not individually identified and separately recognised. Goodwill is stated at cost less accumulated amortisation.

Intangible fixed assets

Intangible assets are stated at cost less accumulated amortisation and any impairment losses.

Depreciation

Depreciation is charged on a straight-line basis over the estimated useful life of the asset as it reflects the expected pattern of consumption of the future economic benefits embodied in the asset, taking into account any significant residual value. Depreciation is recognised as an expense in the income statement.

<i>Fixed assets:</i>	<i>Useful life</i>
Acquired intangible assets	5 years
Goodwill	5 years

Tangible fixed assets

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses.

In addition to the purchase price, cost includes expenditure directly attributable to the acquisition and indirect manufacturing costs as incurred.

Depreciation

Depreciation is provided on a straight-line basis over the estimated useful life of the asset, as it reflects the expected pattern of consumption of the future economic benefits embodied in the asset, taking into account any significant residual value. Depreciation is recognised as an expense in the income statement. For technical equipment, the difference in the useful life of major components has been assessed as material. Component depreciation is applied to these assets.

<i>Fixed assets:</i>	<i>Useful life</i>
Technical equipment and machinery	3 - 10 years
Tools and equipment	1 -13 years

Financial instruments

Financial instruments are accounted for in accordance with the rules in K3 Chapter 11, which means that valuation is based on cost. Financial instruments recognised in the balance sheet include investments in subsidiaries, trade and other receivables, trade payables and loans payable. Instruments are recognised in the balance sheet when the entity becomes a party to the contractual provisions of the instrument.

Financial assets are derecognised when the right to receive cash flows from the instruments has expired or has been transferred and the entity has transferred substantially all the risks and rewards of ownership.

Financial liabilities are derecognised when the obligations have been settled or otherwise terminated.

Trade and other receivables are classified as current assets, except for items due more than 12 months after the balance sheet date, which are classified as non-current

assets. Receivables are stated at the amount expected to be collected less any individually assessed doubtful debts.

Investments in subsidiaries, associates, jointly controlled entities and entities in which there is an ownership interest are stated at cost less accumulated impairment losses. In addition to the purchase price, the cost includes expenses directly attributable to the acquisition.

Loans and trade payables are classified as non-current liabilities, except for items falling due within 12 months of the balance sheet date, which are classified as current liabilities. Liabilities are measured at amortised cost.

Leasing

A finance lease is a lease under which the economic risks and rewards incidental to ownership of an asset are substantially transferred from the lessor to the lessee. An operating lease is a lease that is not a finance lease.

All leases are accounted for as finance leases.

Inventory

Inventories are stated at the lower of cost (calculated on a first-in, first-out basis) and net realisable value. This valuation method takes into account any obsolescence of the inventory. Raw materials, purchased finished and semi-finished goods and merchandise are valued at cost. Cost is calculated using the weighted average cost method. The cost of own-produced semi-finished and finished goods comprises both direct manufacturing costs and a reasonable proportion of indirect manufacturing costs.

Tax

Tax on the profit or loss for the year in the income statement consists of current tax and deferred tax.

Current tax is income tax for the current financial year relating to the taxable profit for the year and the unrecognised portion of income tax for previous financial years. Deferred tax is income tax relating to taxable profit for future periods arising from past transactions or events.

A deferred tax liability is recognised for taxable temporary differences relating to an arising internal profit.

In the consolidated balance sheet, untaxed reserves are split between deferred tax and equity

Provisions

A provision is recognised in the balance sheet when the entity has a legal or constructive obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount.

At initial recognition, provisions are measured at the best estimate of the amount that will be required to settle the obligation at the balance sheet date. Provisions are reassessed at each balance sheet date.

Employee benefits

Employee benefits consist of salaries, social security contributions, holiday pay, paid sick leave, medical care and contractual insurance costs. Compensation is recognised as an expense and a liability when there is a legal or constructive obligation to pay compensation.

Post-employment benefits

Contributions to defined contribution plans are recognised as an expense. Defined contribution plans are post-employment benefit plans under which an enterprise pays defined contributions to another enterprise and has no legal or constructive obligation to pay anything further even if the other enterprise is unable to meet its obligation.

Foreign currency receivables and payables

Exchange gains and losses on monetary items are recognised in the economic outturn account in the years in which they arise. Exchange differences arising on operating receivables and payables are recognised in operating profit and exchange differences on financial receivables and payables are recognised in financial items.

Public contributions

A government grant that is not linked to an obligation for future performance is recognised as revenue when the conditions for receiving the grant are met.

Government grants related to fixed assets are recognised in the balance sheet by reducing the carrying amount of the asset.

Contingent liabilities

Contingent liabilities are guarantees, financial commitments and contingent liabilities that are not recognised in the balance sheet.

Consolidated financial statements

Subsidiaries

The consolidated financial statements include subsidiaries or companies in which the parent company directly or indirectly holds more than 50 % of the voting rights or otherwise has a controlling influence. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The Group's financial statements are prepared under the purchase method of accounting, which eliminates in full the equity of the subsidiary at the date of acquisition, measured as the difference between the fair value of assets and liabilities. The Group's equity therefore includes only that portion of the subsidiary's equity that arose after the acquisition.

The Company applies the current rate method for translating the financial statements of foreign subsidiaries. This means that all assets and liabilities of the foreign subsidiary are translated at the exchange rate prevailing at the balance sheet date and all items in the income statement are translated at the average exchange rate. The resulting translation difference has no impact on the result and is taken directly to equity.

The valuation of assets and liabilities at group and company level takes into account the tax effect, which is recorded as deferred tax assets and liabilities respectively. However, deferred tax on group positive or negative goodwill is not taken into account.

Intra-group profits are eliminated.

Group contributions

Group contributions made are recognised as a provision in the income statement.

Definition of key figures in the management report

Equity ratio

Apparent equity in relation to the balance sheet total at the end of the year.

Note 2: Audit fees and expenses	2020	2019
Group		
KPMG	254.531	147.500
Auditservices	64.000	19.100
Auditservices in excess off the audit engagement	318.531	166.600
Dehmer & Partner		
Auditservices	75.281	-
Revitax		
Auditservices	-	51.617
	-	51.617
Parent company		
KPMG		
Auditservices	179.250	147.500
Auditservices in excess off the audit engagement	64.000	19.100
	243.250	166.600

Note 3: Employees and personal costs	2020	2019
Group		
<i>Average numbers of employees</i>		
Male	19	10
Female	8	4
Whereof men	70%	71%

<i>Disclosure of gender in the compays management</i>	<i>Proportion Women</i>	<i>Proportion Women</i>
<i>Group</i>		
Board of Directors	0%	0%
Other Senior management	0%	0%
<i>Parent Company</i>		
Board of Directors	0%	0%

<i>Salaries and other remunerations</i>	<i>2020</i>	<i>2019</i>
<i>Group</i>		
Board of directors and Managing director	866	1.314
Other employees	8.799	4.202
Total	9.665	5.516

<i>Parent company</i>		
Board of directors and Managing director	60	-
Other employees	-	-
	60	-

<i>Social security expenses</i>	<i>2020</i>	<i>2019</i>
<i>Group</i>		
Pension expenses, managing director and board members	-	167
Pension expenses other employees	2	569
Social security expenses	1.997	745
Total	1.999	1.481

<i>Parent company</i>		
Pension expenses, managing director and board members	-	-
Pension expenses other employees	-	-
Social security expenses	19	-
Total	19	-

Note 4: Remuneration to senior management	2020	2019
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<i>Group</i>		
Christian Zahler Managing Director	806	832
Tobias Schwind Board member	-	432
Total	806	1.314

<i>Parent company</i>		
Olle Olsson, Chairman of the board	30	-
Joao Gomes Board member	15	-
Jürgen Peterseim Board member	-	-
	60	-

Note 5: Goodwill	2020	2019
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Group		
<i>Accumulated acquisition costs</i>		
At the beginning of the year	-	-
Acquisitions	1.577	-
At the end of the year	1.577	-
<i>Accumulated amortisation</i>		
At the beginning of the year	-	-
Amortisation during the year	- 236	-
	- 236	-
At the end of the year	1.341	-

Note 6: Other intangible assets	2020	2019
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Group		
<i>Accumulated acquisition costs</i>		
At the beginning of the year	2	2
Acquisitions	280	-
At the end of the year	282	2
<i>Accumulated amortisation</i>		
At the beginning of the year	-	-
Amortisation during the year	- 50	-
	- 50	-
At the end of the year	232	2

Note 7: Technical equipment and machineries	2020	2019
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Group		
<i>Accumulated acquisition costs</i>		
At the beginning of the year	267	-
Acquisition	1.366	267
At the end of the year	1.633	267
<i>Accumulated depreciation</i>		
At the beginning of the year	- 86 -	26
Depreciation during the year	- 179 -	60
	- 265 -	86
At the end of the year	1.368	181

Note 8: Equipment, tools, fixtures and fittings	2020	2019
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Group

Accumulated acquisition costs

At the beginning of the year	346	115
Acquisitions	1.189	231
Disposals	-	-
At the end of the year	1.535	346

Accumulated depreciation

At the beginning of the year	-	156	-	16
Disposals	-	-	-	-
Depreciation during the year	-	329	-	140
At the end of the year	-	485	-	156
		1.050		190

Note 9: Participation in group companies	2020	2019
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Accumulated acquisition costs

At the beginning of the year	15.542	259
Acquisition	5.346	15.283
At the end of the year	20.888	15.542

Specification of the Company's participation in group companies

Subsidiary

Industrial Solar GmbH

Voting share	100%	100%
Carrying amount	15.542	259

Of the acquisition cost, 15,283 represents previous shareholder contributions converted into equity.

Subsidiary

Solar Spring GmbH

Voting share	100%	100%
Carrying amount	5.436	0

Of the acquisition cost, 3,230 represents previous shareholder contributions converted into equity.

Note 10: Receivables from group companies	2020	2019
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Parent company

Accumulated acquisition costs	-	5.656
Additional receivables	-	-
Settled receivables	-	5.656
Converted to shareholder contribution	-	-
At the end of the year	-	-

Note 11: Other disclosures to the cash flow statement

	2020	2019
Group		
Exchange rate differences	- 364 -	238
Depreciation and amortisation	730	200
Total	366	38
Parent Company		
Exchange rate differences	-	311
Total	-	311

Note 12: Pledged assets and contingents liabilities

	2020	2019
Group		
<i>For liabilities to credit institutions</i>		
Chattel mortgages (in SEK)	50.000	50.000
Parent company		
<i>For liabilities to credit institutions</i>		
Chattel mortgages (in SEK)	50.000	50.000

Note 13: Significant events from the end of the financial year

The company's name has been changed from Industrial Solar Holding Europe AB to Clean Industry Solutions Holding Europe AB on March 9, 2021.

15 Independent Auditor Report

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Translation from the Swedish original

Auditor's Report

To the general meeting of the shareholders of Clean Industry Solutions Holding Europe AB (publ), 559110-3972

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Clean Industry Solutions Holding Europe AB for the year 2020. The annual accounts and consolidated accounts of the company are included on pages 18-45 in this document.

In our opinion, the annual accounts and consolidated accounts have been prepared in accordance with the Annual Accounts Act, and present fairly, in all material respects, the financial position of the parent company and the group as of 31 December 2020 and their financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.

— Conclude on the appropriateness of the Board of Directors' and the Managing Director's, use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.

— Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.

— Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

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Translation from the Swedish original

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Clean Industry Solutions Holding Europe AB for the year 2020 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner.

The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

Härnösand 29th April 2021

KPMG AB

DocuSigned by:

Lars Skoglund
Lars Skoglund 141F...

Authorized Public Accountant

16 News after the Reporting Period

Industrial Solar investigates conditions for moving to First North Growth Market

The Board of Directors of Industrial Solar Holding Europe AB (publ) has decided to investigate the conditions for a list change from Spotlight Stock Market to Nasdaq First North Growth Market. The company's ambition is to apply for listing on the Nasdaq First North Growth Market during Q2, 2021.

New business strategy starts to pay off

Industrial Solar GmbH, formerly mostly known for its LF-11 Fresnel Collector for industrial process heat applications, has, over the last years, broadened its technology portfolio and developed into a leading turnkey provider for customised renewable energy solutions, both on a national and an international level. Industrial Solar's latest additions of technologies such as photovoltaic carports and non-concentrating solar thermal solutions now also start to pay off.

New manufacturing method expected to cut cost by up to 80 % in membrane distillation technology

A major goal for SolarSpring is the successful marketing of membrane distillation modules through a more cost-effective production. With a new manufacturing technology and a new module design a cost reduction of up to 80 % can be achieved. The new version of membrane distillation modules will be market available in the second half of 2021.

Image campaign 'Don't be a fossil fool!'

'Don't be a fossil fool!' was the daring title of Industrial Solar GmbH's latest campaign. The goal was to prompt 'fossil fools', namely different sectors of industry, to rethink their consumption of fossil fuels and to change to renewable energy sources instead. The campaign started in mid-February 2021 and was run on the social media accounts Instagram, twitter and LinkedIn.

Industrial Solar changes name to Clean Industry Solutions



On 22 February 2021, the Extraordinary General Meeting decided to change the company name. The Swedish Companies Registration Office decided that the initially proposed name needed to be supplemented in order to be able to register it. Hence the new name Clean Industry Solutions Holding Europe AB (Europe has been added compared to previous proposals) which the Swedish Companies Registration Office has approved and registered.

ERA-NET Project Grant for Elimination of Contaminants from Wastewater Treatment Plants

ERA-NET project grant for the project SERPIC joins eight international partners in their efforts to eliminate contaminants of emerging concern and pathogens at the outlet of wastewater treatment plants (WWTPs) and thus mitigating their spreading into the environment including the ocean. SolarSpring GmbH and its partners will be targeting a zero discharge of antimicrobial resistant compounds and contaminants of emerging concern by means of electrochemical reduction. SolarSpring will receive funding of € 148,000.

CIEMAT to contract revision, upgrade and modification of membrane distillation laboratory equipment

SolarSpring GmbH and Centro de Investigaciones Energéticas, Medioambientales y Tecnológicas (CIEMAT) have closed a contract for a tailor-made revision and modification of the existing MDlab facility to enable new features. The contract sum amounts to € 22,570.

Consultancy contract to foster carbon neutral heat supply in Jordan



Industrial Solar GmbH has signed a consultancy contract with the "Deutsche Gesellschaft für Internationale Zusammenarbeit" (GIZ). The cooperation will last for 3 months and will support Industrial Solar with € 51,000.

Industrial Solar GmbH ISO 9001 certified



Industrial Solar GmbH has achieved ISO 9001 Certification from the Certification Body of TÜV SÜD Management Service GmbH. ISO 9001 is the internationally recognized standard for a quality management system (QMS). This enables companies to operate more effectively on several different levels, including the ability to focus on customer requirements and constantly finding ways in which to improve and become resilient and sustainable.

Industrial Solar GmbH to install photovoltaic system for city council

The city council Frankenthal placed an order with Industrial Solar GmbH for a photovoltaic system. The low-voltage system with an installed capacity of 25 kW is designed for self-consumption with a surplus feed-in. The company's engineering team is going to expand the lightning protection of the plant and integrate the new infrastructure into the existing network according to valid standards and guidelines. The construction will begin in mid-May 2021 and the contract volume is € 38,000.

Clean Industry Solutions Holding Europe AB appoints CFO

Clean Industry Solutions Holding Europe AB has a new Chief Financial Officer. The solution was approved by the board on April 20, 2021. In this course he is also appointed commercial director of the CISH AB's 100% subsidiary Industrial Solar GmbH.

Jochen Lachnit holds a MBA from the University of Bamberg and has worked in the position of CFO in other companies like the Meona Group GmbH and Jedox AG before he joined Industrial Solar GmbH, a 100% subsidiary of Clean Industry Solutions Holding Europe AB, in October 2020 as commercial manager.

New R&D project Modulus granted

On April 20, 2021, Industrial Solar GmbH and its consortium partners received the grant agreement for the R&D project Modulus. The project, funded by the German Federal Ministry of Economic Affairs and Energy (BMWi), aims to simplify the integration of solar heat into industrial processes. The total funding volume for Industrial Solar GmbH amounts to € 218.977.

17 Outlook, Risk and Uncertainties

Projects

For Industrial Solar, the two Horizon 2020 projects Ship2Fair, Friendship and the national funded project SunBeltChiller with a total funding volume of about 2.3 m€ are a strong support in the next three years. In Q2 2021, one further proposal for a R&D project on national level was granted. Modulus will run for 3 years with a total funding volume of about 219 k€, and another one has been evaluated positively and is likely to be granted in Q2 as well.

SolarSpring has currently three ongoing national funded R&D projects, namely HaSiMem, BrineMine and Ammonium MD with a total funding volume of 0.5 m€.

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 major risk and uncertainties still derive from the direct (international travel for sales and project implementation) and indirect (investment constraints of clients) consequences of the COVID-19 pandemic.

The markets from our companies, Industrial Solar and SolarSpring, are still small but witness high growth. In such situations there is the risk of effects from new technical developments or shifted market focus due to changing policies.

18 Share Development

On December 31, 2020 the number of shares outstanding amounted to 12,188,792 and the company had around 3,041 shareholders.

Below table shows the 10 largest shareholder as of December 31, 2020.

Largest Shareholders as of December 31, 2020	#	%
Joakim Byström	1,210,014	9,93
Christian Zahler	1,120,373	9,19
Fastighets AB Ponord	1,003,639	8,23
Tobias Schwind	971,876	7,97
Solar Spring Gmbh	579,797	4,76
Avanza Pension	437,163	3,59
Nordnet Pensionsförsäkring	297,742	2,44
Tectus AB	282,780	2,32
Priono Aktiebolag	93,290	0,77
Anneli Sundberg Kanesco	73,191	0,60
Other Shareholders	6,118,927	50,20
Total	12,188,792	100,00

19 Financial Calender

The Board proposes that the loss for the year 2020 of TSEK 13,523 is brought forward. The annual shareholder meeting will take place on May 20, 2021 via video conference.

Annual Shareholder Meeting	20 May 2021
1. Quarterly Report	28 May 2021
2. Quarterly Report	27 Aug 2021
3. Quarterly Report	26 Nov 2021
4. Quarterly Report	25 Feb 2022

20 Statement from the Management

The Board of Directors and the Executive Board have considered and approved the Annual Report of Clean Industry Solutions Holding Europe AB for the fiscal year 01/01/2020 - 31/12/2020 today. The Annual 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 on 31/12/2020 and of the results of its operations and cash flows for the fiscal year 01/01/2020 - 31/12/2020.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein. We recommend that the Annual Report with its accompanying financial statements be adopted at the Annual General Meeting.

Stockholm, April 28, 2021



Olle Olssen
Chairman
Board Member



Christian Zahler
CEO and
Board Member



Tobias Schwind
Board Member



Joao Gomes
Board Member



Daniel Pfeifle
Board Member

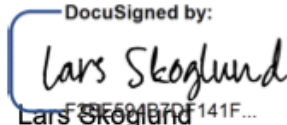


Markus Augustsson
Board Member

Härnösand 29th April 2021

KPMG AB

DocuSigned by:



Lars Skoglund

Authorized Public Accountant

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