2021

Clean Industry Solutions

Company description for listing on Nasdaq First North Growth Market Sweden

Nasdaq First North Growth Market is a registered SME growth market, in accordance with the Directive on Markets in Financial Instruments (EU 2014/65) as implemented in the national legislation of Denmark, Finland and Sweden, operated by an exchange within the Nasdaq group. Issuers on Nasdaq First North Growth Market are not subject to all the same rules as issuers on a regulated main market, as defined in EU legislation (as implemented in national law). Instead, they are subject to a less extensive set of rules and regulations adjusted to small growth companies. The risk in investing in an issuer on Nasdaq First North Growth Market may therefore be higher than investing in an issuer on the main market. All issuers with shares admitted to trading on Nasdaq First North Growth Market have a Certified Adviser who monitors that the rules are followed. The respective Nasdaq exchange approves the application for admission to trading.

Important information

This company description ("**Company Description**") has been prepared by the board of directors of Clean Industry Solutions Holding Europe AB, Reg. No. 559110-3972 ("**Clean Industry Solutions**" or the "**Company**") in connection with the application for admission to trading of the Company's shares on Nasdaq First North Growth Market ("**First North**"). See section "*Definitions*" for the definitions used in this Company Description.

This Company Description does not fulfil the requirements of being a prospectus in accordance with Regulation (EU) 2017/1129 of the European Parliament and of the Council and has not been reviewed or approved by the Swedish Financial Supervisory Authority (Sw. *Finansinspektionen*). This Company Description does not constitute an offer to subscribe for, or otherwise acquire, shares or any other financial instrument in Clean Industry Solutions in either Sweden or any other jurisdiction. Distribution of this Company Description is subject to restrictions in law and other regulations. The Company Description may not be distributed in or into the United States, Australia, Singapore, New Zealand, Japan, South Korea, Canada, Switzerland, Hong Kong or any other jurisdiction where such distribution requires prospectus, registration or any other actions to be taken in addition to the requirements under Swedish law. Persons who receive copies of this Company Description, or wish to invest in Clean Industry Solutions, must inform themselves about and follow such restrictions. Swedish law is applicable in relation to this Company Description. Disputes regarding the Company Description and thereby applicable legal circumstances shall be handled under Swedish law exclusively.

Risks

An investment in shares is associated with certain risks (investors are therefore encouraged to particularly read the section "*Risk factors*"). When an investor makes an investment decision, he or she must rely on his or her own analysis of the Company, including present facts and risks. Prior to an investment, potential investors ought to consult their own professional advisors to diligently evaluate an investment consideration. No individual has been authorized to provide any information or make any other statements other than those included in the Company Description. If given or made, such information or representation may not be relied upon as having been authorized by the Company nor should the Company be held responsible for such information or statements.

Forward-looking statements

The Company Description contains certain forward-looking statements that reflect Clean Industry Solutions' views with respect to future events and financial and operational performance. Such words as "intends," "assesses," "expects," "can," "plans," "estimates" and other expressions that relate to indications or predictions concerning future development or trends and that are not based on historical facts constitute forward-looking statements. Forward-looking statements are, by nature, associated with known as well as unknown risks and uncertainties, given their dependence on future events and circumstances. Forward-looking statements are no guarantee of future results or trends, and the actual results could differ materially from those contained in the forward-looking statements. Factors that could result in Clean Industry Solutions' actual earnings and performance deviating from the content of the forward-looking statements include, but are not limited to, the descriptions in the section "Risk factors". Forward-looking statements in the Company Description apply only as of the date of publication of the Company Description. Clean Industry Solutions does not give any undertaking that the Company will disclose any updates or revisions of forward-looking statements due to new information, future events, or other such matters above and beyond what is required according to applicable laws.

Information from third parties

The Company Description contains information that has been obtained from third parties. All such information has been reproduced correctly. Clean Industry Solutions' board of directors is responsible for this Company Description and has taken all reasonable precautions to ensure that the information provided in the Company Description complies with the actual facts. Although the board of directors believes that these sources are reliable, no independent verification has been made, so the accuracy or completeness of

the information cannot be guaranteed. As far as the board of directors knows and can assure by comparison with other information published by third parties from which the information was collected, no information has been omitted in such a way that could make the information incorrect or misleading.

Presentation of financial information

Some figures in this Company Description have been subject to rounding. This means that some tables do not seem to sum up correctly.

Certified Adviser

Amudova AB, company reg.no. 559277-3146, is appointed as Certified Adviser for the Company in connection with the upcoming Listing at Nasdaq First North Growth Market

Clean Industry Solutions

2021

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Information about the shares

NUMBER OF OUTSTANDING SHARES: 12,188,792

ISIN code:	SE0011762517
Short name:	CISH
Important dates	
First day of trading on First North:	12/07/2021
Annual general meeting:	23/06/2021
Q2 report 2021	27/08/2021
Q3 report 2021	26/11/2021
Year-end report 2021	25/02/2022

Definitions

In this Company Description, the following definitions are, inter alia, used:

DEFINITIONS

"Clean Industry Solutions" or the "Company"	refers to, depending on the context, Clean Industry Solutions Holding Europe AB, or the group in which Clean Industry Solutions Holding Europe AB is parent company
"Company Description"	refers to this company description
"First North"	refers to Nasdaq First North Growth Market
"Group"	refers to the group in which Clean Industry Solutions Holding Europe AB is the parent company
"**Listing"**	refers to the listing of Clean Industry Solutions' shares on Nasdaq First North Growth Market
"SEK", "KSEK" and "MSEK"	refers to Swedish krona, thousand Swedish kronor, million Swedish kronor
"CISH AB"	Abbreviation for Clean Industry Solutions Holding Europe AB
"Industrial Solar"	Abbreviation for Industrial Solar GmbH
"SolarSpring"	Abbreviation for SolarSpring GmbH

Risk factors

An investment in shares is associated with various risks. Prior to any investment decision, it is important to carefully analyze the risk factors considered to be material. A number of factors influence, or can influence, Clean Industry Solutions' operations, both directly and indirectly. Set out below is a description of the risks that are considered to be of importance for Clean Industry Solutions and its shares. Investors should make an independent risk evaluation of the risks associated with an investment in the shares. The risk factors are limited to risks which are specific to Clean Industry Solutions and/or to the shares and which are assessed to be material for taking an informed investment decision. The description is based on the information available as of the date of the Company Description. The risks are presented in two categories: Risks related to the Company and Risks related to Company's shares. Risks are assessed in respect to both probability and severity resulting in a total risk significance. Within both sections, risks are listed in order of significance, with the most significant risks mentioned first.

There can be other risks that are currently unknown to the Company or that the Company currently does not regard as significant but that could also have an adverse impact on Clean Industry Solutions' operations, financial position or operating profit. If any of the risks described below, or another risk of which Clean Industry Solutions is not aware, actually were to occur, the Company's business operations, financial position and earnings could be materially adversely affected. This could also result in the price of the shares of Clean Industry Solutions declining significantly and, in an investor losing his/her investment in part or in full.

In addition to this section, investors should also take into account other information in the Company Description.

Risks related to the Company

Ability to earn and future access to capital

The Group's business model is to invest in companies providing sustainable solutions for industrial energy supply and industrial water treatment. The Company has not yet achieved a positive cash flow or profitability, which is why the Company has been dependent on provision of equity on a number of occasions to finance its day-to-day operations. It cannot be determined when, or whether, the Company will ever be profitable. The Company may thus also in the future be dependent on being able to finance its operations through external capital.

The size and timing of the Company's future capital needs depend on a number of factors. It is not certain that new capital can be procured when the need arises, that it can be procured on favorable terms for the Company and its existing shareholders or that such raised capital would be sufficient to finance the Company's activities, which may have a negative impact on the Company's development and investment opportunities. The Company's inability to finance the business to the extent needed could thus have a material adverse effect on the Company or mean that the Company would have to suspend or terminate its operations.

Risk: Medium / high - The Company assesses that there is a medium probability that the risk occurs, and that the risk, if it would occur, would have a high adverse impact on the Company's financial position and operations.

Credit risk

When supplying turnkey solutions for renewable energy or water treatment to international industrial clients, the project volume in relation to total turnover is relatively high. If a customer does not comply with the agreed payment schedule, the liquidity of the subsidiary companies is adversely affected, either temporarily or permanently, with the risk of capital insufficiency

as a possible consequence. This may also affect the Company.

Risk: Medium / high - The Company assesses that there is a medium probability that the risk occurs, and that the risk, if it would occur, would have a high adverse impact on the Company's financial position.

Dependency on key individuals and employees

The Company's subsidiaries activities depend on its ability to recruit, develop and retain qualified employees. There is a risk that the subsidiary companies will not be able to offer all key persons and employees satisfactory conditions to compete with those offered by other companies in the industry or related industries. As neither the Company nor its subsidiaries have patents and as the experience of staff is important, it is dependent upon the knowledge of its employees. If key persons or employees leave the Company, or the subsidiaries, and their knowledge is not properly documented or shared with colleagues, existing development and/or ongoing projects are at risk. Replacing such an employee in a timely manner may cause delays in the respective projects and thus increase costs and reduce margins. If key personnel leave or cannot be employed in the Company, or its subsidiaries, it may have a negative impact on the operation.

Risk: Medium - The Company assesses that there is a medium probability that the risk occurs, and that the risk, if it would occur, would have a medium adverse impact on the Company's operations.

Company at early stage of development

Clean Industry Solutions has not yet achieved a turnover generating a positive cash flow or profit. There is a risk that it will take a long time before an operating surplus occurs or that profitability will never be achieved. There is also a risk that the Company may wrongly assess the commercial viability of the products of its subsidiary companies or the prices that the market is willing to pay. The realization of any of these three risks may lead to the dismantling, insolvency or bankruptcy of all or part of the business, thereby losing all or part of the capital invested.

Risk: Medium - The Company assesses that there is a low probability that the risk occurs, and that the risk, if it would occur, would have a high adverse impact on the Company's financial position.

Competition

The Group is active in the industrial supply of renewable energy and water treatment solutions. While only a few companies in the world currently provide the type of key-finished solar installations supplied by Clean Industry Solutions, energy and water supply to the industry is a very competitive market. There is a risk that the competitors will be able to offer their products and services at lower prices than the subsidiaries of the Company in the future. The Company and the subsidiaries may also experience an increased competition from new or existing market participants with, in many cases, significantly greater financial resources, which may lead to reduced growth opportunities for the Company.

Risk: Medium - The Company assesses that there is a medium probability that the risk occurs, and that the risk, if it would occur, would have a medium adverse impact on the Company's earnings.

Legal and political risks

The Company's subsidiaries are partly active in markets and sectors characterized by a high degree of political intervention and/or legislation and regulations. These regulations affect many aspects of the Group's operations. The political, economic, and regulatory environment is changing rapidly, and the Group must follow, and is affected by, extensive and complicated laws and regulations. While the regulatory landscape tends to change in a way that is positive for the Group, for example with regard to regulations on water pollution, there is a risk that future political decisions will limit the Group's growth opportunities. Thus, the Company is dependent on a policy that continues to engage in the climate and environment. Political factors and/or political decisions, such as implementation of restrictive legislation, could have a negative impact on the Group's future profitability and prospects. There is also a risk that the Company will not succeed, and/or that the Company's competitors will succeed better, in predicting and adapting to the rapidly changing regulatory landscape.

Risk: Medium - The Company assesses that there is a high probability that the risk occurs, and that the risk, if it would occur, would have a low adverse impact on the Company's operations.

Capacity to manage growth

To achieve Clean Industry Solutions' revenue and growth targets, the Company as well as its subsidiaries must successfully manage business opportunities. As Clean Industry Solutions grows, the increasing business complexity of operations may place additional requirements on the Company's systems, controls, procedures and management, which may strain the Company's ability to successfully manage future growth. Future growth will also impose significantly increased responsibilities on management, including the need to identify, recruit, train and integrate additional employees with relevant expertise. Rapid and significant growth may therefore place strain on the Company's administrative and operational infrastructure. In order to manage operations and growth, the Company will need to continue to improve operational and management controls, reporting and information, as well as financial internal control. The Company may fail to successfully manage such developments and growth in the future. If the Company is unable to grow or effectively manage its growth, this could have a material adverse effect on the Company.

Risk: Low / medium - The Company assesses that there is a medium probability that the risk occurs, and that the risk, if it would occur, would have a low adverse impact on the Company's operations.

Suppliers and production

The subsidiaries of Clean Industry Solutions act in close cooperation with their suppliers. There is a risk that a failure in cooperation may lead to unforeseen expenses or income foregone, with a negative impact on the Company's operating result. In addition, the Company has not yet established supplier contacts to such an extent that all components can be sourced from more than one source. There is also a risk that the key suppliers may opt to terminate their cooperation, which would have a negative impact on the business.

Risk: Low / medium - The Company assesses that there is a low probability that the risk occurs, and that the risk, if it would occur, would have a medium adverse impact on the Company's operations.

The Group consists of companies within different legal systems

The Company is active in a market that is characterized by a varying degree of legal regulations where laws, regulations and rules often change. The Group consists of companies domiciled in different countries and different legal systems. The legislation in force in one country may differ in significant respects from the legislation in force in another country. This may cause difficulties regarding the collection of information concerning the subsidiaries or the conduct of the Group's operations. In light of the fact that the Company's operations are regulated by various laws as well as both internal and external regulations, this means that the Company must have effective internal controls. Internal controls include managing and monitoring that the day-to-day operations are conducted in accordance with applicable laws and regulations, that the Company's financial reporting is in accordance with applicable law, that the Company has appropriate accounting systems for its administration and other activities and that the Company uses external expertise to support these activities. Disruptions or errors in, or lack of efficiency of, the Company's internal controls may lead to the Company's operations not being conducted in accordance with applicable laws and regulations, to the Company's accounting systems not functioning properly or to the operations not being able to be controlled satisfactorily.

Risk: Low / medium - The Company assesses that there is a medium probability that the risk occurs, and that the risk, if it would occur, would have a low adverse impact on the Company's operations.

The Group may be liable to sanctions for improper processing of personal data

Personal data is being processed as a natural result of the Company's field of business and the Group must therefore comply with the General Data Protection Regulation (EU) 2016/679 ("GDPR"). Personal data is

processed, amongst others, in relation to the Group's employees, job seekers and vendors' representatives. If the Group has shortcomings in its processing of personal data, or if the Group becomes subject to system hacking or in any way accidentally becomes subject to violation of law, this may negatively affect the Group's brand and reputation and the Group risks having to pay sanctions due to breaches of GDPR due to such circumstances. Pursuant to GDPR, sanctions for breaches may amount to a maximum of MEUR 20 or 4 percent of the Company's global annual turnover.

Risk: Low / medium – The Company assesses that there is a low probability that the risk occurs, and that the risk, if it would occur, would have a medium adverse impact on the Company's operations.

The Group's information and technology systems may be vulnerable to cyber security breaches

The Group's information and technology systems may be vulnerable to damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by its professionals, power outages and catastrophic events. Further, the Group may lack sufficient information and technology security procedures and policies. If the Group's information and technology systems are compromised, become inoperable for extended periods of time or cease to function properly, the Group may have to make a significant investment to fix or replace them. The failure for any reason of these systems could cause significant interruptions in the Group's operations and may result in a failure to maintain the security, confidentiality or privacy of data, including personal data, intellectual property and trade secrets. Such a failure could harm the Group's reputation, subject the Group to legal claims and otherwise affect the Group's business and financial performance.

Risk: Low / medium – The Company assesses that there is a low probability that the risk occurs, and that the risk, if it would occur, would have a medium adverse impact on the Company's operations.

Risks related to Company's shares

The price of the share could be volatile and potential investors could lose a portion or all of their investment

The liquidity in the Company's share might be limited. If an active and liquid trading in the company's share is not developed it can become hard to sell a larger number of shares within a limited time, without affecting the price of the company's share negatively. There is a risk that upswings and downturns will occur with regards to prices and volumes, that have no relation to, or that are disproportionate in relation to, the Company's earnings and that are beyond the Company's control. There are no guarantees that the share price will have a positive development.

Risk: Medium - The Company assesses that there is a medium probability that the risk occurs, and that the risk, if it would occur, would have a medium adverse impact on the Company's shares development.

Marketplace

The Company's share has previously been traded on Spotlight Stock Market. The Company has applied for admittance to trading on Nasdaq First North Growth Market, which like Spotlight Stock Market does not have the same legal status as a regulated market. Companies whose shares are traded on alternative marketplaces are not covered by all legal rules that apply to companies listed on a regulated market. The marketplace demands on the Company regarding for example disclosure of information or corporate governance are lower than on a regulated market. Accordingly, an investment in shares traded on First North, such as the shares of the Company, might be more risky than an investment in shares traded on a regular market.

Risk: Low / medium - The Company assesses that there is a low probability that the risk occurs, and that the risk, if it would occur, would have a medium adverse impact on the Company's shares development.

Dividend

As of the date of the Company Description and since Clean Industry Solutions became a listed company, the Company has not paid any dividends and the

Company's Board of Directors have not adopted a dividend policy. In accordance with the Swedish Companies Act (2005:551), payment of dividend is resolved at the shareholders' meeting. The amount of dividend paid, and time of payment, is proposed by the Board of Directors. Furthermore, the main rule is that the shareholders cannot decide on higher dividends than proposed and approved by the Board of Directors, with the exception of the right of minority shareholders to demand dividends in accordance with the Swedish Companies Act (2005:551). If the shareholders' meeting does not decide on dividends according to what is stated above, shareholders cannot make demands on dividends and the Company has no obligation to pay dividends. Accordingly, all potential future dividends that the Company could pay will depend on a number of factors, such as future income, financial position, cash flow, working capital requirements, cost of investments and other factors. There is a risk that the Company will not have sufficient distributable funds and that the Company's shareholders may decide not to approve payment of dividends in the future.

Risk: Low / medium - The Company assesses that there is a medium probability that the risk occurs, and that the risk, if it would occur, would have a low adverse impact on the Company's shares development.

New issue of shares may affect the price of outstanding shares and lead to dilution

Any future share issues may have a material adverse effect on the price of the shares. Although existing shareholders according to the Swedish Companies Act (2005:551) have a certain preferential right in a share issue, issues may be resolved with a deviation from the existing shareholders' preferential rights, which may lead to a dilution of the existing shareholders' proportional ownership and voting rights.

Risk: Low / medium - The Company assesses that there is a medium probability that the risk occurs, and that the risk, if it would occur, would have a low adverse impact on the financial position of existing shareholders.

Background and Objectives

Clean Industry Solutions Holding Europe AB was originally founded in 2018 under the name of Industrial Solar Holding Europe AB, as a holding company for strategic investments in companies offering sustainable solutions to industry.

Clean Industry Solutions Holding Europe AB was admitted for trading on Spotlight Stock Market on 15 January 2019 and has since then raised capital through one preferential rights issue in January 2020. In June 2020, the Company registered the new shares following a directed issue for the acquisition of SolarSpring GmbH.

Yet, the activities of the Clean Industry Solutions Holding Europe AB date back to 2008 when Industrial Solar GmbH, a cleantech solution provider for industry, was originally founded. Industrial Solar, the first investment of the Company, is a solution provider for clean energy supply in industry. While it initially focused purely on solar process heat solutions based on its innovative linear Fresnel collector, it expanded its technology portfolio over time to meet the diverse demands of its industrial customers. This process also led to an adaption of the strategy and business model of the holding company which resulted in the second investment in Solar Spring GmbH, a company offering innovative solutions for industrial water treatment. While the portfolio companies remain as independent operating entities, leverage is achieved by creating group synergies in project development, production, and implementation.

While the companies owned by Clean Industry Solutions Holding Europe AB have realized numerous innovative projects in different sectors, the necessity for comprehensive approaches have become more and more apparent. To address the complex and diverse needs of industrial customers striving to reduce their carbon emissions, Clean Industries Solutions Holding AB decided to develop a more holistic approach. Currently, this includes, not only the complete range of sustainable energy supply (thermal, power, storage, …), but also solutions for the extraction of valuable components from wastewater streams and the provision of clean water for production processes via membrane distillation and ultra-filtration. Both energy supply and water treatment are major challenges for industry today and will become even more important due to pressing issues such as climate change and water scarcity. Yet, the challenges are also strongly interlinked, the so called “water-energy-nexus”, as energy costs are a major factor in water treatment. Accordingly, Clean Industries Solutions Holding AB invests in companies which build a well-balanced combination of services and technologies to address the above-mentioned challenges. To overcome the hurdle of industrial customers being reluctant or not able to invest in renewable energy infrastructure, Clean Industry Solutions is also working on financing models such as energy contracting or leasing.

Nowadays, Clean Industry Solutions Holding Europe AB follows a buy and build strategy and invests in high growth companies with technologies for a circular economy and a carbon free industry.

The existing investments, Industrial Solar and SolarSpring, have a long international track record with projects realized in Spain, Italy, Qatar, Jordan, South Africa, and Columbia. The companies have developed a large sales pipeline with major international corporations. The innovative solutions offered by Clean Industry Solutions Holding Europe AB’s companies have the potential to reshape industrial water and energy consumption, and the management of Clean Industry Solutions Holding Europe AB has ambitious growth plans. The management is convinced that a listing of the Company’s class B shares on Nasdaq First North Growth Market, facilitating easier access for international investors, is a suitable next step in line with the planned growth. This is important in Germany where the current investments have their headquarters, but also support the international projects of the portfolio companies. The possibility to trade shares in Germany will also be an attractive feature as stock option programs for employees become more convenient.

Recent internal, as well as the external, developments, especially the ambitious EU Green New Deal targets, confirm the management’s view that this is

the right timing for application of the Company's class B shares to Nasdaq First North.

The Company Description does not contain any offering of class B shares or any other offering of financial instruments in the Company. In addition, reference should be made to the full particulars of the Company Description, which has been prepared by the board of directors of Clean Industry Solutions Holding Europe AB in connection with the application for listing of the class B shares on Nasdaq First North Growth Market.

The Board of directors of Clean Industry Solutions Holding Europe AB declare that, to the best of our knowledge, the information provided in the Company Description is accurate and that, to the best of our knowledge, the Company Description is not subject to any omissions that may serve to distort the picture the Company Description is to provide, and that all relevant information in the minutes of Board meetings, auditors' records and other internal documents is included in the Company Description.

Stockholm, May 21, 2021

Clean Industry Solutions Holding Europe AB
The Board of Directors

Christian Zahler. CEO

Letter from the CEO

To lower our footprints of emissions and resource consumption, we, mankind, must follow sustainable production patterns. It is the mission of Clean Industry Solutions Holding Europe AB to provide industry with necessary solutions, especially for energy and water. And this mission, despite or rather because of its complexity, inspires me every day in my work as CEO of Clean Industry Solutions Holding Europe AB.

Being sustainable became standard and green is the new grey. Yet, we are still not on track for the 1.5° target. I remember a day when I was calculating my carbon footprint – after having made some changes to the way I used to eat, dress, and move in the years before. I was not satisfied as I had to realize that eating and wearing organic, minimizing flying and purchasing green electricity is not enough to make me feel comfortable with my carbon footprint. How about you?

The major challenge is the hidden emissions in the products we consume. A battery for a Tesla Model 3 emits around 13 t CO_2 during its production, 75% of the lifecycle emissions of textile already accrue before we buy a new T-shirt, and the same holds for our daily coffee as well as the electronic device you are currently using.

Over the last two decades I have been working on industrial decarbonization. The technological developments in the last decade have been inspiring – for years costs of solar energy have dropped faster than expected and renewables account for almost 75% of capacity addition. Yet, unlike other sectors, industry lags behind when it comes to decarbonization. To a large extent this is due to the characteristics of industry and its need for tailor-made and comprehensive solutions. A good example is the industrial energy-water nexus. Approximately 80% of the industry that requires heat for its production processes also uses water. Due to the energy and water intensity of industry, the increasing water scarcity – even in central Europe – and the energy intensity of industrial water treatment, there is a need to be addressed simultaneously, which is exactly what we do:

Clean Industry Solutions Holding Europe AB invests in high growth companies providing sustainable solutions for industry. The first company, Industrial Solar, provides sustainable energy solutions for industry and is one of the world technology leaders in solar process steam generation, as proven by the multiple awards the projects have been appraised with[1]. The second company, SolarSpring, offers its clients membrane based industrial water treatment, which allows significantly higher recovery of clean water as well as recovery of precious solvents or pollutants for discharge. Fortunately, the membrane distillation systems of SolarSpring are driven by heat with a temperature between 60 °C and 90 °C, which is a typical temperature level of industrial waste heat and of simple solar thermal collectors. Thus, the technologies of both subsidiaries perfectly complement each other building a strong team in the combat against climate change.

To succeed with our mission, access to capital is crucial. Therefore, the listing on Nasdaq First North Growth Market is another important step to accelerate the deployment of sustainable production and the growth of Clean Industry Solutions Holding Europe AB.

Christian Zahler
CEO Clean Industry Solutions Holding Europe AB

[1] E.g., Innovation and Climate Award by German Federal Ministry of Environment, European Solar Price by EuroSolar, Emirates Energy Award, Energy Globe Award, Environmental Stewardship Award

Business Description

Clean Industry Solutions Holding Europe AB invests in companies which provide solutions for a sustainable industry and a circular economy. The two subsidiaries Industrial Solar GmbH and SolarSpring GmbH offer solutions for the supply of clean energy and clean water for industry. Christian Zahler is the Managing Director of Clean Industry Solutions and the total headcount of the group is 29.

Group Structure Clean Industry Solutions Holding Europe AB

Both markets witness tremendous growth, the driving forces being decarbonization and water scarcity. As water treatment is energy intensive, both challenges are inevitably linked, the so-called water-energy nexus. This is especially challenging for industry which is lagging behind in the adaptation of renewable energies compared to other sectors. Yet, the water challenge for industry is pressing since regulations on water pollution are becoming more and more strict while at the same time precious resources (e.g., rare earths elements) are driving up production costs and thus must not be wasted. Accordingly, industry is about to witness a major change in water and energy consumption.

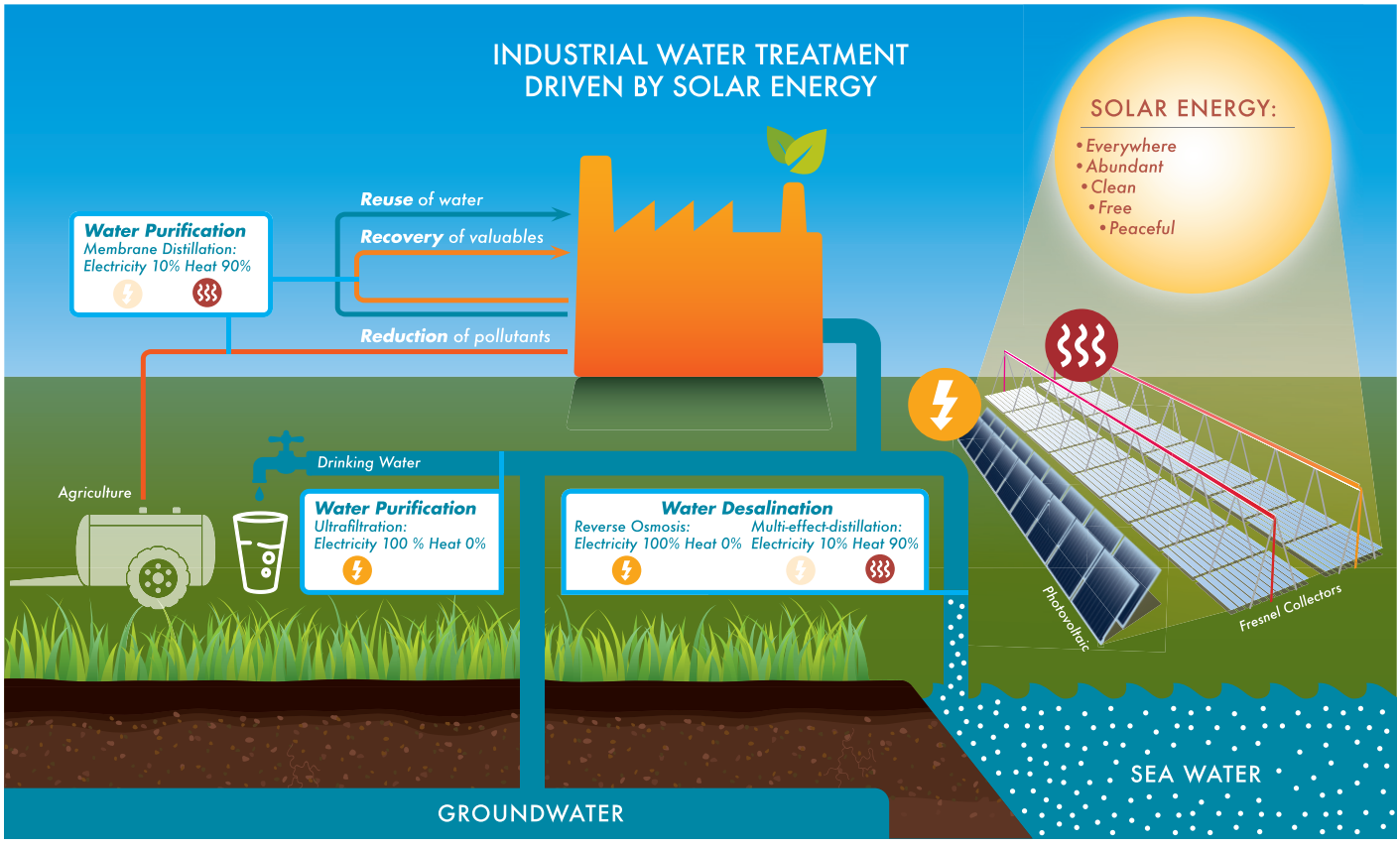
Clean Industry Solutions Holding Europe AB follows a buy and build strategy by investing in independently operating innovative companies in the mentioned growth markets.

The buy and build strategy allows CISH AB to expand its expertise and technology range. By acquiring companies that offer solutions and technologies for sustainable industry, the holding, or the subsidiaries, respectively, can offer their customers holistic solutions to become environment-friendly and to green their production processes. The expertise and knowledge of each new employee helps expand the holding's portfolio and offers in a cost-saving way. The strategy allows the company to acquire skills and expertise that would normally take it a long time to build. This way, earnings can be increased and value created. Also, the holding can expand into other markets much more efficiently and thus, generate revenue much faster.

CISH AB's short-term goal is exactly this: offering industrial customers a holistic solution to reduce their environmental footprint by providing technologies that cover the demand for clean heat and clean water. Replacing these two factors with sustainable technologies and renewable resources can induce a tremendous decrease of CO_2 emissions and help protect the environment. Since solar- and water treatment solutions cover a huge and important part in the fight against climate change but can be supported by other sustainable technologies, CISH AB is open to the acquisition of further complementary companies it can create synergies and added value with.

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 provide further advantages for each company and accordingly the holding, namely:

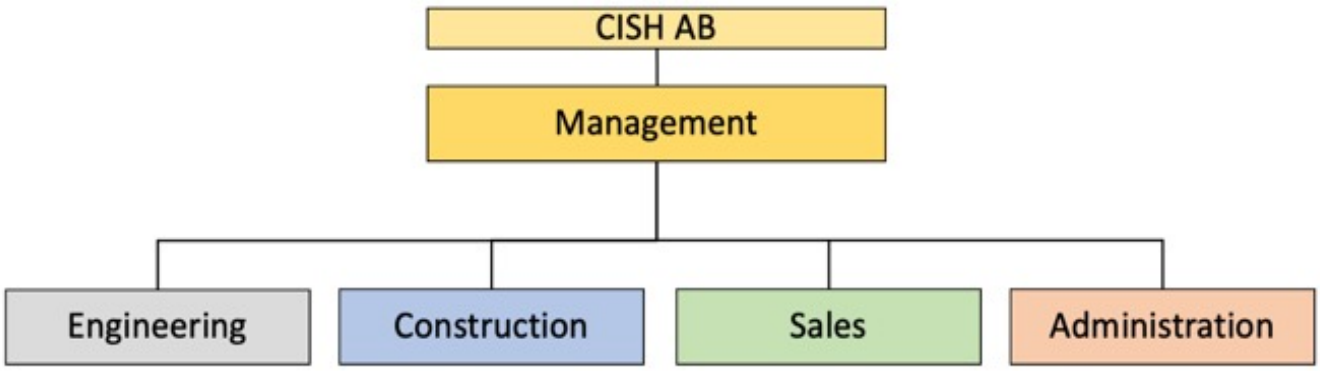
- minimized risks of individual investments;
- accelerated growth of each company due to synergies in sales and business development;
- synergies in administration and financing lower operating costs for subsidiaries;



Industrial Water Treatment Driven by Solar Energy.


“ Clean Industry Solutions Holding Europe AB
invests in companies which provide solutions for
a sustainable industry and a circular economy.”

Industrial Solar GmbH



Organigram Industrial Solar GmbH

"Industry is responsible for around one-third of global energy and industrial process-related CO2 emissions." (IRENA 2020)

"Industry is the biggest laggard in the integration of renewables, with only 14% of final energy consumption in the sector from renewable sources." (IRENA 2020)

Industrial Solar GmbH ("Industrial Solar") offers solutions to decarbonize industry. As process heat is the major energy requirement in industry, it is also the key focus of Industrial Solar.

Organization

Industrial Solar is a 100% subsidiary of Clean Industry Solutions Holding Europe AB and has its head office in Freiburg (Germany). Industrial Solar is structured in four departments: engineering, construction, sales, and administration. The total headcount by 2021 is 21 with Christian Zahler being the Managing Director.

Value Proposition and Business Model

Industrial Solar is a *one-stop-shop* for industrial decarbonization. It assesses the requirements from prospective clients, identifies opportunities and provides tailor-made solutions from the portfolio of technology (turn-key solutions) and services for clean energy supply in industry. The turnover from implementations of turn-key installations is rather fluctuating, due the project nature of the businesses. For example, a turn-key project using the Fresnel collectors as a base typically ranges between 1 to 10m€ in project volume. The margin on such a project range between 5-15% but is steadily increasing due to several factors described below.

The services, e.g., engineering or maintenance services, at the same time offer a steadier revenue stream. Today the turnkey solutions are responsible for more around 3/4 of the total turnover but are expected to decline while services are expected to increase.

Over the last years costs for Industrial Solar's installations dropped significantly from more than 1.5 €/W to less than 0.9 €/W (for turn-key installations of 1 MW) and there is still major potential of cost reduction in four major dimensions.

- Economies of scale – better purchasing prices with higher market volume
- Standardization – lower engineering costs due to standardization
- Modularization – lower assembly costs due to modularization and prefabrication
- Localization – lower installation costs due to engagement of local contractors

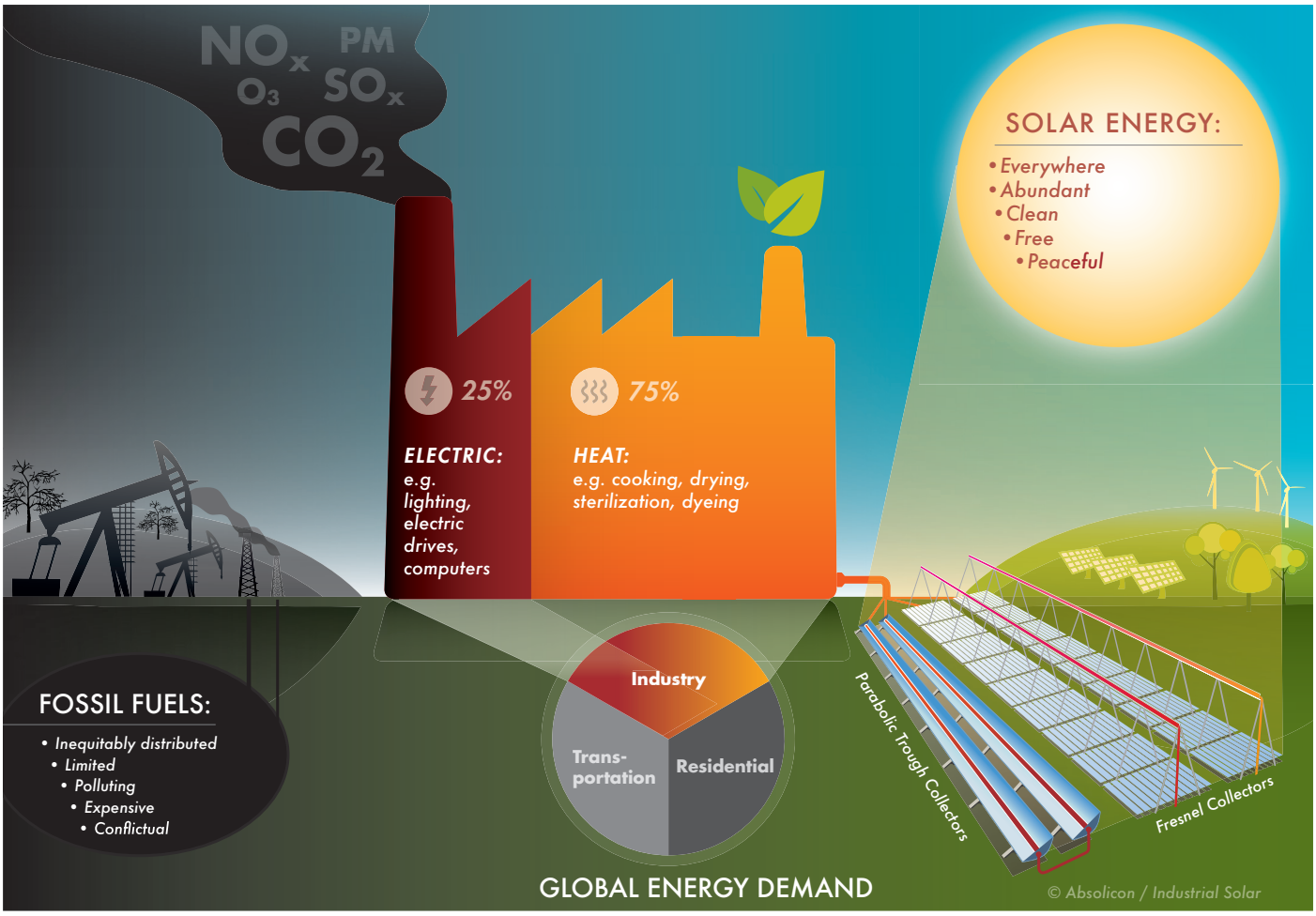
Thus, we foresee a further cost reduction potential of 50 % within the next 5 years.

Industrial Solar's Fresnel collectors, described below, are comprised of a large number of components, whereas the most important ones are the mirrors as well as the absorber tubes. For both components we are only buying from market leaders which also serve concentrated solar thermal power plants. This approach guarantees the best technology, ensures availability of various sources and, accordingly, limits the risks associated with key suppliers. As we follow a lean production approach, we do not build up major inventories while the access to key components is secured through various suppliers.

Most clients decide for long-term maintenance agreements and increasingly also request engineering services during the project development phase. The recently started portfolio approach, see below, also allows the provision of solutions with lower capital investment and shorter sales cycles which also eases the fluctuations in turn-over.

The solutions are either offered to the end-user directly or indirectly through energy service companies. In the past, investment costs have always been carried by the end-user and have been the major source of revenue while operating models have not yet been realized. However, they are foreseen to become of greater importance. In addition, most clients also enter into maintenance agreements.

Business Models for Industrial Solar GmbH (Source: Industrial Solar GmbH)



Global Energy Demand (Source: Industrial Solar GmbH)

Growth Opportunities

The market for clean industrial energy solutions is a multi-billion market and continuous growth is foreseen due to the urgent requirements of decarbonization. The International Renewable Energy Agency (IRENA) estimates the total investment for industrial decarbonization until 2050 to be 5 trillion US $ and expects growth rates of 25% until 2050 per annum for solar process heating[2]. In industry around 75% of the total final energy demand is used for process heating (see figure above). Accordingly, solutions for renewable, especially solar, process heat are of utmost importance for industrial decarbonization.

Industrial Solar's Fresnel collector (see page 21) was developed specifically for solar process heating and has been commercially applied in 14 applications worldwide (see page 22). Besides that, Industrial Solar offers a portfolio (see page 23) of numerous further technologies and services and is thus the *one-stop-shop for industrial decarbonization.*

Sales, customers and important markets

Industrial Solar's sales activities focus on the one hand on selected target countries and regions where our renewable solutions are most attractive – such as the Middle East and North Africa (projects have been realized in Jordan, Qatar, Tunisia, United Arab Emirates) or Latin America. The most interesting markets for our core technology (Fresnel collector, see above) are currently Jordan and Chile, whereas other markets such as Brazil, Mexico, Morocco, or the United Arab Emirates are also very promising, in addition to Aus-

[2] IRENA (2018), "Global Energy Transformation – a Roadmap to 2050"

Countries where Industrial Solar GmbH has already realized projects (either consultancy or construction)

tralia, India or South Africa. On the other hand, there is a strong emphasis on multinational key accounts with suitable energy requirements and ambitious decarbonization targets (e.g., companies committing to ambitious renewable targets[3]). In the central target markets, projects have already been implemented. As Industrial Solar targets numerous markets, the risks arising from operation in foreign markets (e.g., currency risks, political risks) can well be handled. As Industrial Solar has already shifted from being a technology provider of Fresnel collectors to a solution provider building upon a portfolio of different products and services, the risk about future market trends (e.g., new technological developments or change in demand patterns) is minimized. Due to the focus on multinational corporations with operations in our target markets, also the credit risks and the risks associated with contracts governed by foreign law are reduced.

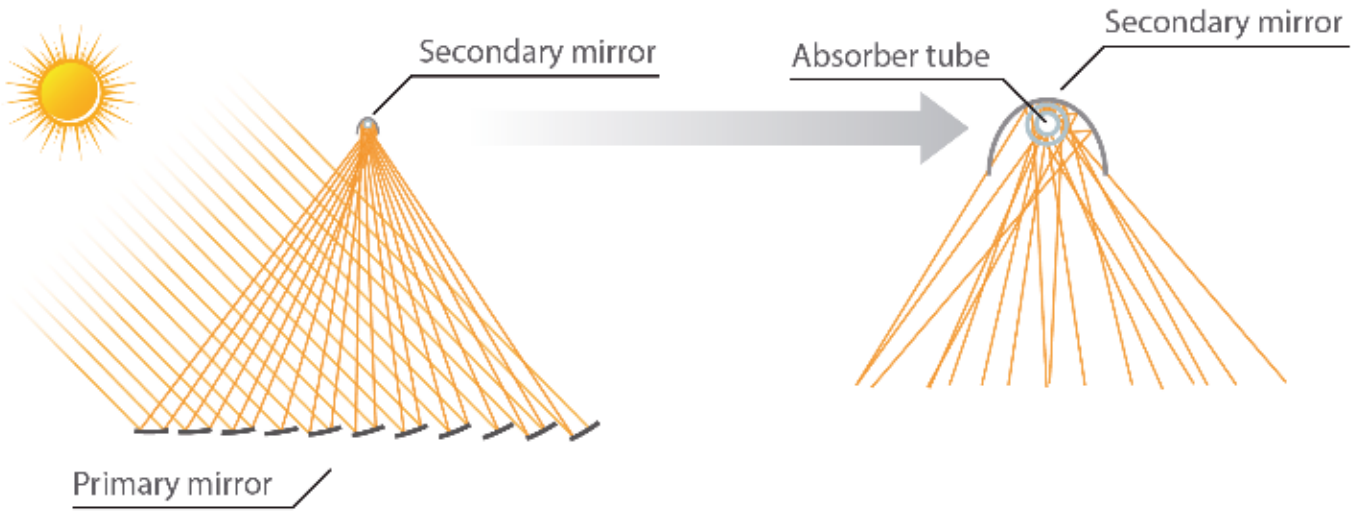
In all our target markets we are building up partnerships with local entities active in the field of industrial energy supply, such as GASCO (Australia), Park Energy (Mexico) or Reinstein (Chile). With our partners we not only cooperate in project development but also in project implementation (local procurement, construction as well as operation and maintenance). These partnerships lower sales and implementation costs and, in addition, also help us to deal with the risks arising from operations in foreign markets such as credit risks and contracts governed under foreign law. In the past, around 1/3 of our projects came through partners, and we are expecting this rate to double in the next few years.

For international lead generation we proactively approach key accounts, use social media, actively participate in relevant industry events, and publish articles in industrial magazines and on webpages. In addition, we partner with suppliers of production equipment which seek to lower the environmental impact of their machinery.

Products, Services and Technology

Industrial Solar offers technology (turn-key solutions) as well as services. For the technology there is on the one hand the core product, the LF-11 Fresnel collector, on the other hand a portfolio of further solutions

[3] Examples can be found here https://www.there100.org/ or here https://www.renewablethermal.org/



Working Principle of Fresnel Collectors

LF-11 linear Fresnel Collector

The LF-11 linear Fresnel collector was developed by Industrial Solar and is the only product which Industrial Solar produces itself. Accordingly, there is also a greater dependency on the know-how of key employees. The Fresnel collector is a concentrating solar thermal collector where the irradiation is reflected with mirrors on an absorber tube through which a heat carrier circulates, delivering the collected heat to the process. The mirrors track the sunlight automatically in order to maximize heat production at all solar positions, and the targeted project capacity is in the range of 500 kWth to 30 MWth. The collector is optimized for industrial process heating due to the following advantages:

- Temperatures of up to 400°C
- Roof-top installation possible
- Low operation and maintenance costs
- Proven track record
- Autonomous operation in industry

The collector and the installations realized with it have received numerous awards.

"Efficient Solution Label" from Solar Impulse Foundation

"European Solar Prize 2019" (category industry) from Euro Solar

"Innovation Award for Climate and Environment 2015" from German Federal Ministry of Environment

Listed below are the major references from Industrial Solar, with its core product the LF-11 Fresnel collector. In addition, further projects with other technologies have been implemented as well as numerous consulting and engineering projects being successfully completed.

Fresnel Collector Installations by Industrial Solar


Jordan (2017)


Jordan (2015)


South Africa (2014)


Germany (2013)


Qatar (2013)


Germany (2012)


Germany (2012)


Qatar (2010)


United Arab Emirates (2009)


Germany (2009)


Tunisia (2008)


Spain (2008)


Italy (2007)


Germany (2006)

Portfolio of Technologies

Portfolio of technologies

Besides the Fresnel collector, Industrial Solar offers a portfolio of numerous further technologies in the field of renewable energy and energy efficiency (more information below). Numerous design and engineering projects as well as one installation have been realized in the past, and for 2021, the first contract is already signed.

Power Generation: photovoltaic for electricity generation

Photovoltaic modules convert solar irradiation into electricity. Industrial Solar offers:

- Turn-key photovoltaic installations for power generation in industry and commerce
- Innovative solutions, e.g, carport integration
- Broad range of technologies for all components from numerous suppliers guarantees an optimal solution for clients.
- Targeted project size between 100 kW_{el} and 5 MW_{el}

Heating/Cooling: Solar thermal for process and district heating

Solar thermal collectors convert solar irradiation into thermal energy. Industrial Solar offers:

- Turn-key solar thermal installations for industrial process heating or district heating.
- Broad range of technologies for all components from numerous suppliers guarantees optimal solution for clients
- Targeted project size between 300 kW_{th} and 20 MW_{th}

Heating/Cooling: Chillers & heat pumps

- Turn-key installations for cooling or heating in industry or commerce
- Broad range of heat pump technologies and suppliers

Installations between 300 kW and 5 MW

Services

Industrial Solar provides numerous services to its clients, mainly engineering, consultancy and financing.

Engineering / Consultancy

We offer comprehensive engineering services from conceptual design studies to final engineering in the field of hydraulic, electric, structural and control engineering. Our core focus is the development of renewable energy and energy efficiency solutions in industry to lower energy costs and CO2 emissions.

Operation & maintenance

For our own projects as well as other projects we offer operation and maintenance contracts, including remote monitoring, data evaluation and performance optimization.

Research and Development

Industrial Solar engages in internal Research and Development (R&D) and participates in publicly funded R&D projects. The participation in two major international, EU-funded R&D projects confirm the importance of the solutions we provide. Apart from continuous technology optimization and cost reduction, the most important R&D topics are the smooth integration of various renewable energies into industrial processes.

Ship2Fair
Funding volume: 1,400,000 €
Duration: 4 years

Friendship
Funding volume: 456,000 €
Duration: 4 years

Innowwide
Funding volume: 60,000 €
Duration: 6 months

GIZ Developpp
Funding volume: 173,500 €
Duration: 3 years

SunBeltChiller
Funding volume: 209,000 €
Duration: 4 years

Modulus
Funding volume: 219,000 €
Duration: 3 years

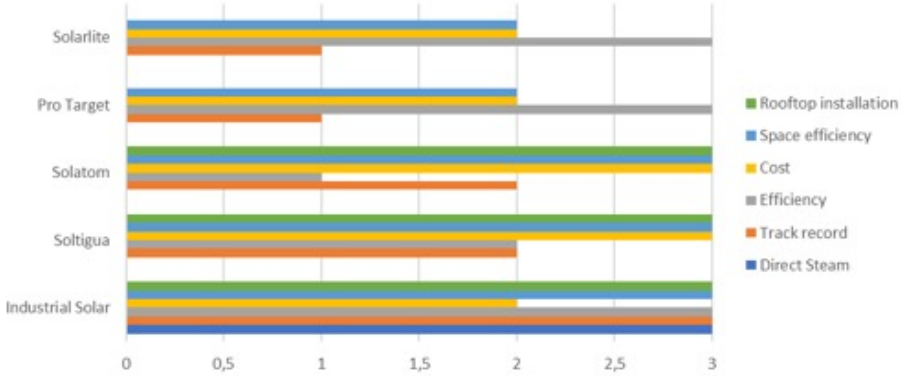
Competitors

Industrial Solar has a limited but growing number of competitors, whereas competition in concentrating solar thermal collectors needs to be assessed separately from the portfolio approach.

Concentrating Solar Thermal Collectors

The solar energy market is at an early stage but consists of a growing number of companies and competitors. The Solar Heating in Industrial Processes (SHIP) project has identified some seventy suppliers of turnkey process heating systems globally. However, it is worth noting that most of the competitors in the market use technologies other than Industrial Solar, such as parabolic solar collectors. Fresnel solar collector technology has several advantages and is more suitable for industrial integration. Furthermore, Industrial Solar has a wide range of technologies and solutions, making them less dependent on a single technology.

The two closest competitors at present are the German company Protarget and the Belgian Rioglass, where Rioglass developed Fresnel's technology with the ability to handle high temperatures in industrial processes and Protarget aimed at smaller parabolic solar collectors. Industrial Solar is often highlighted as a leading actor in the market due to its long experience and broad expertise. An increase in market actors should therefore not necessarily be a disadvantage as this implies increased market momentum.



Competition analysis for concentrating solar thermal collectors for industrial process heating

[4] SHIP2Fair (EU Grant Agreement IG 792276 - https://cordis.europa.eu/project/id/792276) and FRIENDSHIP (EU Grant Agreement IG 884213 https://cordis.europa.eu/project/id/884213)

Portfolio
For the other portfolio solutions (services and technologies), a direct quantitative comparison is not meaningful due to the complexity of the market and the number of solutions. Generally speaking, competitors can be divided into cleantech companies and existing industrial energy solution providers.

Cleantech: Clean tech companies mostly focus on one specific application. With a broad portfolio approach, Industrial Solar provides cross-cutting and comprehensive solutions.

Existing providers: Existing technology providers, while emphasizing efficiency, are mostly trapped in approaches focusing on fossil fuel combustion. With its profound understanding of both industrial processes and renewable energy, Industrial Solar is optimally positioned for industrial decarbonization due to the following advantages:

- Long track record – Implemented industrial decarbonization projects since 2008
- Corporate key accounts – Projects realized with multinationals such as Pfizer, MTN, JTI, Dürr
- International outreach and experience – Projects realized around the world (see map above)
- Comprehensive approach – Solutions for power generation, heating, and cooling
- nternational Network to Distribution Partners and R&D Institutions

As a one-stop-shop, Industrial Solar provides comprehensive solutions to its clients. Main competitors with that approach are EcoTherm[5] (AT), Intech GmbH[6] DE) or INTEC Energy Systems[7] (DE).

Market Overview
For industrial cleantech technologies there are 3 major growth factors:

a) policy measures,
b) market pull from corporations and
c) technological developments.

Policy measures
After countries committed within the Paris Agreement to substantial decarbonization, more and more policies are being implemented to achieve the objectives. Most notably the *EU New Green Deal* which targets a carbon neutral EU by 2050, as well as the recent commitment to become carbon neutral by 2060. In addition, most countries tie the post COVID-2 stimulus packages to sustainability targets.

[5] https://ecotherm.com/en
[6] https://www.intechcleanenergy.de
[7] https://www.intec-energy.com/

Companies which joined the RE100 initiative (source: solarpraxis.de)

Market pulls from corporations

International companies are still responsible for a large proportion of our carbon footprint, but many of them, such as IKEA and H&M, have committed themselves to striving towards using 100% renewable energy. The pressure on supply chains to adopt sustainable methods is thus increasing. At the same time, several companies have joined together in the 'RE100' initiative[8] to ensure that they have a strong voice on political issues. In addition, the number of growth companies and SMEs that commit to zero net emissions is growing.

Technological developments

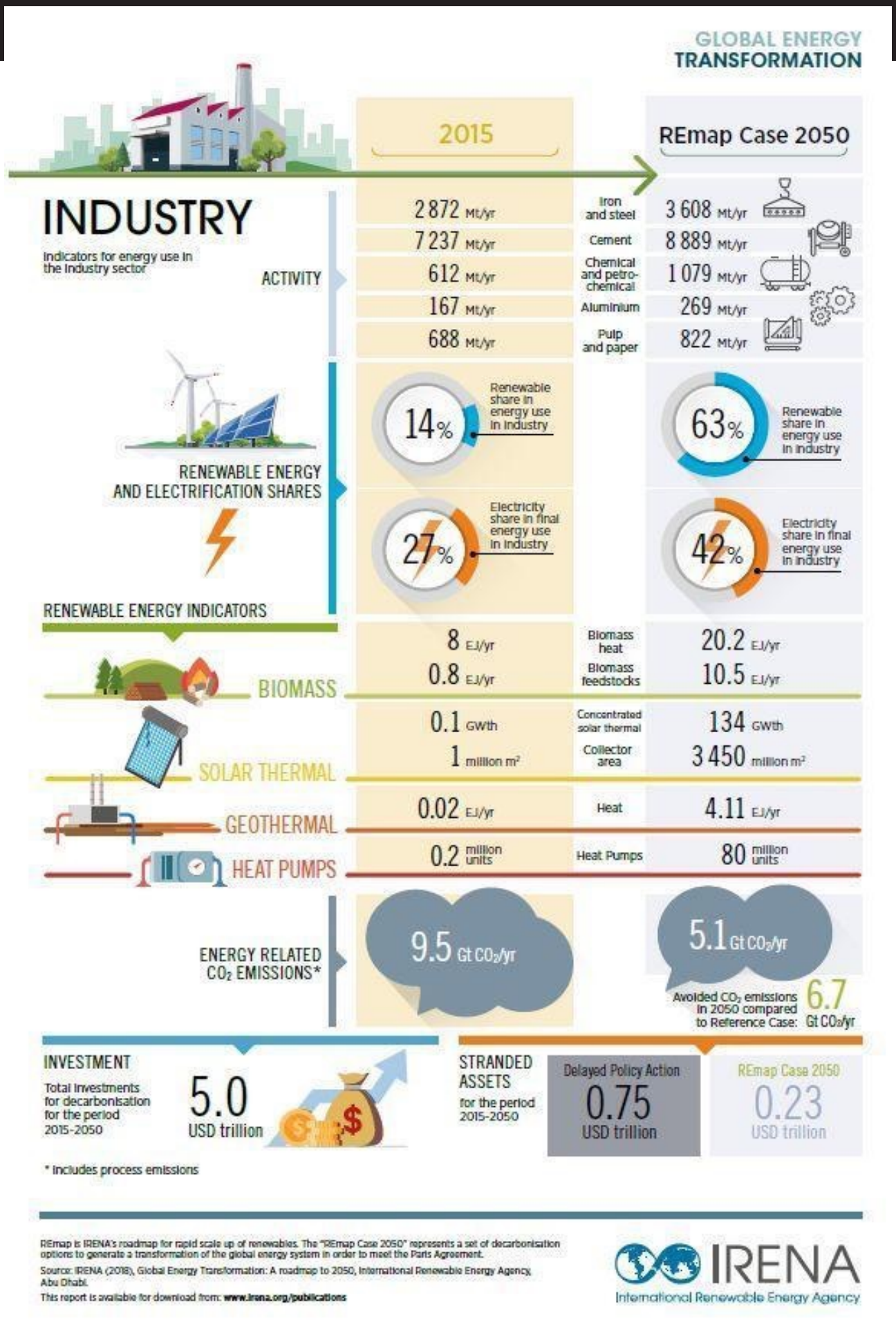
Based on the R&D spending in the last two decades and the increasing market growth, costs for industrial clean tech have dropped significantly. This is most apparent for the cost for solar power generation, which fell by 82% between 2010 and 2020[9]. As reported by IRENA, other technologies have also seen costs decrease over time. Accordingly, clean technology can compete with conventional fuel-based energy supply, based on costs, in more and more countries and sectors. This further drives down costs due to continuing economies of scale. Hence, solutions for industrial decarbonization will witness a continuing and accelerating growth over the next decades.

Roadmap for industrial decarbonization

The International Renewable Energy Agency (IRENA) developed a roadmap to achieve industrial decarbonization, visualized below. Certain key results, with high relevance to Clean Industry Solutions are:

- ✓ Renewables in industry are expected to increase from 14% to 63% - stressing the importance for clean industry solutions, as offered by CISH AB.
- ✓ The market for solar thermal energy, a core competence of Industrial Solar (first investment of CISH AB), is expected to grow by 25% annually until 2050
- ✓ The total investments are estimated to reach 5 trillion US$

[8] http://there100.org
[9] https://www.irena.org/publications/2020/Jun/Renewable-Power-Costs-in-2019



Roadmap for industrial decarbonization (IRENA 2018)

SolarSpring GmbH

Founded in 2009 as a spin-off of the Fraunhofer Institute for Solar Energy Systems (ISE), SolarSpring GmbH("SolarSpring") – membrane solutions has evolved into a global expert in the field of membrane distillation offering an innovative waste- and drinking water treatment technology. The mission of SolarSpring is to develop and operate sustainable water solutions that can help people around the world.

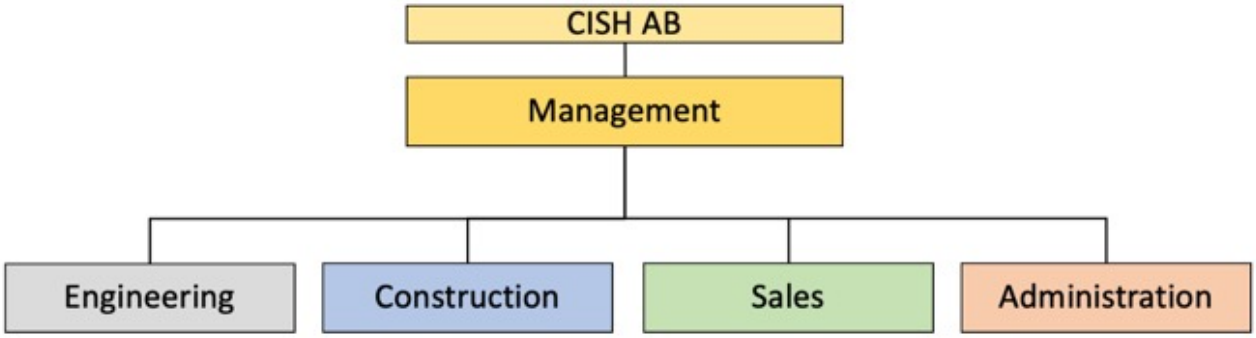
Because of the vicinity to the institute, SolarSpring benefitted from the participation in a variety of international development aid projects, which eventually resulted in the development of water treatment modules and plants.

Now, 12 years later, the company is in a position to respond to a large range of customer requirements thanks to highly specialized personnel and a versatile technology portfolio. Due to the high portion of in-house production individual adaptations to customer requirements can be carried out in an efficient and flexible manner.

customer-oriented membrane distillation plants, ultrafiltration plants for drinking water treatment and laboratory membrane solutions. The pre- and post-treatment and the smart plant operation complete the performance.

SolarSpring's business models can be divided into two parallel but different approaches. One focuses on the supply of purified water to people. 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.

SolarSpring has a very consumer-oriented approach with tailor-made solutions including energy-sa-



Organigram SolarSpring GmbH

Organization

SolarSpring is a 100% subsidiary of Clean Industry Solutions Holding Europe AB and has its head office in Freiburg (Germany). SolarSpring is structured in four departments: engineering, construction, sales, and administration. The total headcount by 2021 is 8 with Daniel Pfeifle being the Managing Director.

Value Proposition and Business Model

By using membrane technology, SolarSpring creates added value for customers and offers complete solutions for water issues. SolarSpring develops

vings for customers. SolarSpring actively encourages and helps customers change towards a more sustainable behavior. Customer loyalty is heightened by competitive price management and high standards in quality and service. Flexible and quick response to the circular economy market is the guideline of SolarSpring, and the company's slogan is: "Pure water, our passion".

All the SolarSpring team members, engineers, designers and scientists and commercial employees follow the principles and benefits of the circular economy and sustainability principle. Their plants are

designed to reduce CO2 emissions and the volume of polluted or contaminated industrial wastewater, so that on the one hand disposal costs are reduced, short to no transport distances are necessary and the environment is protected.

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, CO_2 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, this creates a continuous revenue stream which is expected to continue its growth. For the industrial water treatment sales cycles are longer as the products are tailor-made 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 planned – contracting.

In addition to the "traditional" B2B-sales process, where ownership is transferred to the customer on the basis of prior payment and ownership agreements, SolarSpring also strives for contractually regulated flexibility. The business model called "performance-based contracting" calculated on a result-dependent remuneration, i.e. the calculation is not based on the full sales value of the developed plant, but on the value of the performance that can be achieved with it. This price already includes all major cost factors such as operating, maintenance and repair costs for plant construction. This gives the customer a high degree of cost certainty with regard to the required output. This business model includes a strong integration of SolarSpring into the (production-) processes of its own customers.

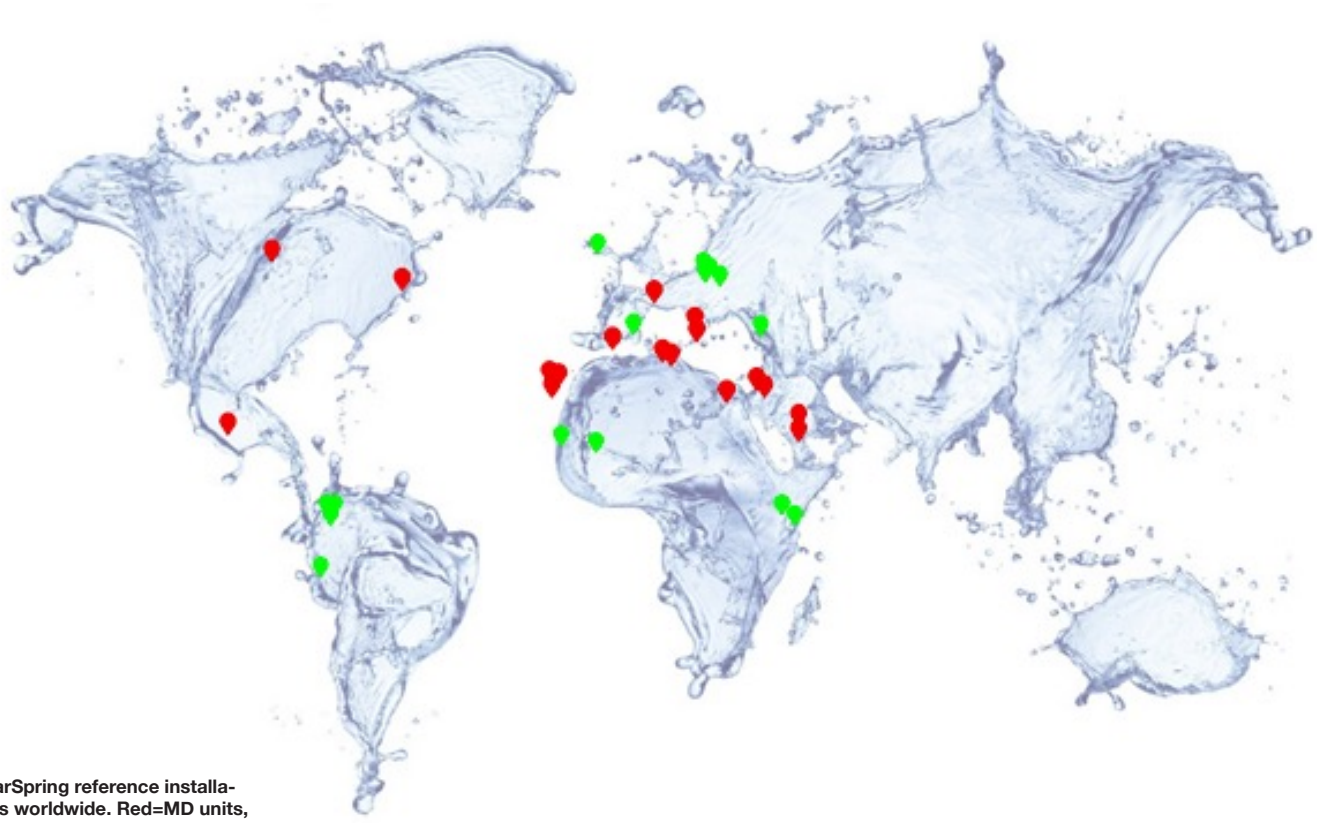
Growth Opportunities

According to a study by the world bank, the global market for water treatment and supply is estimated at over 800 billion € per year[10]. In the next 15-20 years, constant growth rates of 6% are expected in water technology. The annual demand for new technologies, and products for disinfection, filtration, desalination, recovery and treatment of water amounts to 40 billion €. The market is expected to double within the next few years. Besides new technologies for water treatment, which can operate without a significant amount of chemicals, the establishment of closed water loops in the industry is a growing sector. The same can be expected for concepts to separate fresh water and process water as well as the treatment of process water and its reuse as irrigation or in private households.

Membrane Distillation (MD) processes are the dominant separation processes in the field of wastewater treatment and water treatment. They are mainly used in combination with other separation processes. Polymer membranes are much more stable and durable, while ceramic membranes can be produced inexpensively in large areas. The fouling tendency of membranes and modules is significantly reduced; this extends the service life of the membranes with reduced cleaning requirements.

The worldwide increasing demand for clean drinking water and the demand for microbiologically safe water will ensure that the installed membrane areas will increase significantly if the membranes are successfully further developed.

[10] GreenTech made in Germany 2018: Umwelttechnik-Atlas für Deutschland, Federal Ministry for the Environment, Nature Conservation and Nuclear Safety



SolarSpring reference installations worldwide. Red=MD units, Green= UF units

Sales, customers and important markets

SolarSpring's Water treatment systems are used for various applications in several different industries:

Companies in the metal processing industry, textile, and food industry as well as agriculture successfully use SolarSpring's technology and products for wastewater treatment and recycling as well as for the complete recovery of resources. SolarSpring's plants are operating in Europe, on the Arabian Peninsula, in Columbia, Kongo, and the United States.

Local authorities, hotel resorts and residential buildings benefit from drinking water of the highest purity, which can be obtained even from contaminated wells, rivers and lakes or from rainwater with the help of our filtration systems. SolarSpring's Ultrafiltration plants are in operation in India, Colombia, Peru, Spain, and Africa, and other countries.

Research institutions, universities and laboratories use membrane distillation (MDLab) plants designed by us for their own analyses, whereby we can provide consulting services on request. The MDLab plants are used for research in Qatar, Riyadh, and Spain, for example.

SolarSpring has developed a solution for the recovery of resources based on membrane technology. With rEvap, ingredients from industrial rinsing solutions can be concentrated to such an extent that they are reusable and can be fed into the industrial process together with the clean water obtained in the process. Energy and material cycles are thus closed, and industrial processes are made more sustainable. The rEvap is designed for use in industrial water recycling.

Currently, SolarSpring has pilot plants in the following projects named "BrineMine" (mining and saline mines), "MD-Ammonium (wastewater plant / treatment plant), various drinking water treatment plants (ultrafiltration) in Kenya, Congo and Colombia. Also, well-known customers could already be supplied by orders, as for example the Siemensstiftung, University

Bremen, University Khalifa in Abu Dhabi and KIT in Karlsruhe, as well as King Saud University (KSU) and many more. As industries have realized the need to conserve and treat water for continuity of their business, the business of water and industrial water treatment is growing at double the growth rate of industrial GDP.

Industrial water, such as produced water (used in the oil and gas industry), process water and industrial rinsing solutions from electroplating, pickling bath and pickling wastewater treatment, brine treatment, chemically contaminated manufacturing water from dye, works as well as brine and vinegar water from food production.

In the last ten years, SolarSpring has successfully completed orders from well-known companies, such as Siemensstiftung, AT&S (Austria) and the Breisgau wastewater association. In particular, the mining and salt mining business is also well suited for the use of membrane distillation plants. Here, SolarSpring has just started a joint funded research project called “BrineMine”.

Strong sales target markets are Chile, Argentina, Scandinavia, Indonesia, Australia, South and East Africa, and the United Arab Emirates.

Installations by SolarSpring


Kongo (2020)


United Arab Emirates (2020)


Columbia (2018)


Germany (2018)


Kenia (2015)


Saudi Arabia (2017)


USA (2016)


Qatar (2015)


Saudi Arabia (2015)


India (2012)


Spain (2010)


Tunisia (2010)


Namibia (2010)


Spain (2008)


Spain (2004)

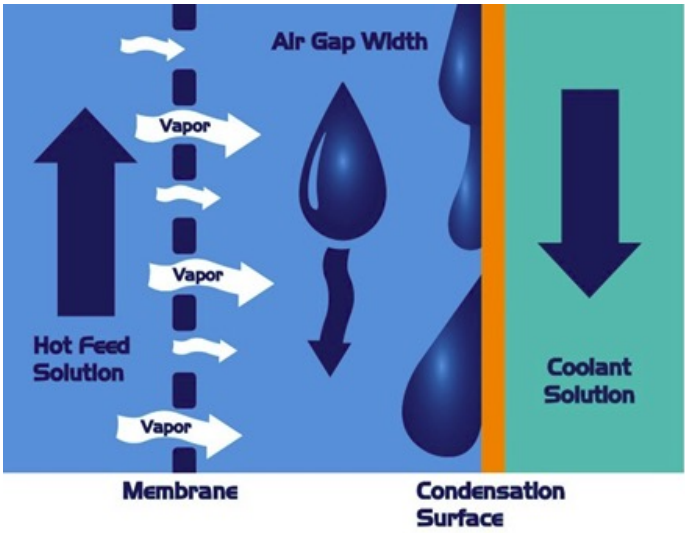
Products, Services and Technology

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.

Membrane solutions

SolarSpring is an innovation leader in the field of membrane distillation and intends to maintain this position in the future. For SolarSpring, innovation means continuously improving and even revolutionizing its own processes, products, and services. From visionary ideas, the company develops smart solutions and innovative novelties that set new standards in the industry.

With our experience and the connection to Fraunhofer ISE (science), we are among the absolute experts in membrane distillation. In addition to the continuous further development of our processes, modules, products, and services, we regularly participate in national and international research projects. With our research projects and partly publicly funded projects, we specifically investigate focal points that we regularly redefine due to current developments in technology as well as questions that arise due to the needs of our customers. For example, together with our customer Khalifa University in Abu Dhabi, we created an “MDLab” with a module made entirely of high-quality transparent Plexiglas. These customers have had a scientific question about how the influence of sunlight affects the process of membrane distillation.



How Membrane Distillation works (Source: SolarSpring GmbH)

The special hydrophobic and microporous membrane allows only vapour but keeps liquid away. In this way clean water is separated from the wastewater, which at the same time is concentrated.

The frequency and duration of cleaning depends on the process and product properties. In addition, a low chemical effort is necessary. Special high-temperature membranes allow cleaning up to 85 °C. For the economic evaluation of membrane cleaning, not only the direct cleaning costs but also the subsequent energy costs must be taken into account. Careful membrane cleaning is therefore a major factor in the economic success of a membrane process.

A membrane material which is both hydrophobic and microporous separates the liquid from the distillate but allows vapours to pass. The driving force for the distillation is a temperature difference, or partial vapour pressure respectively between an evaporator and a condenser channel. In between the hot and cold channel lies the distillate channel, which is separated from the other channels by a condenser film towards the condenser channel and a membrane on the evaporator side. As only vapours can pass the membrane a highly pure distillate is generated. The process operates at low temperatures of 35-95 °C and at ambient pressure, which reduces operational and maintenance costs.

Depending on the application, one of five different membrane distillation channel variants are implemented:

- Permeate Gap MD (PGMD)
- Direct Contact MD (DCMD)
- Air Gap MD (AGMD)
- Vacuum MD (VMD)
- Vacuum Air Gap MD (VAGMD)

Ultrafiltration

The drinking water filtration systems are a smart combination of 5 stages: An Ultrafiltration module, a sand filter, a disk filter, an activated carbon stage and an Ultraviolet-Disinfection unit. Interaction between the

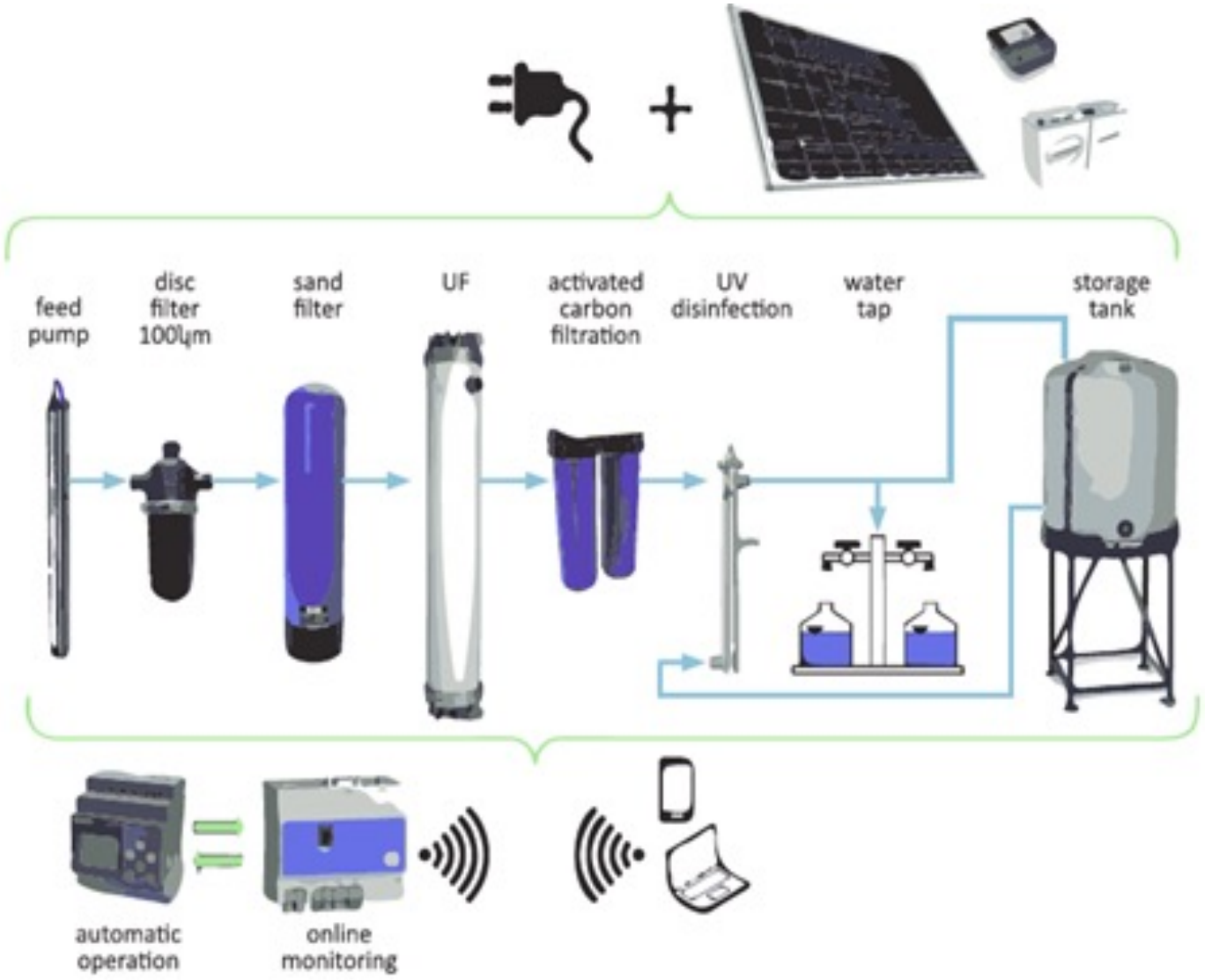
stages is synchronized and fully automatic – self-sufficient cleaning cycles enable a constant and smooth operation.

Ultrafiltration: used as main treatment to remove colloids, bacteria, and viruses from 'dirty' and microbiological contaminated surface water or well water.

Media Filter: used as a pre-treatment to remove e.g., iron, manganese, arsenic, hardness, etc.

Activated carbon filtration: used as post treatment to improve the taste and smell of the purified water. Activated carbon removes dissolved organics and some heavy metals.

Ultraviolet-Disinfection: used as a final treatment and a second security step after the drinking water storage. UV radiation can deactivate bacteria and viruses in order to guarantee a reliable protection against recontamination of the stored drinking water.



Different purification steps of Ultrafiltration Systems of SolarSpring GmbH (Source: SolarSpring)

Products

Purification Units

The **mobile system** is a Compact water purification system with integrated pump and battery for mobile application

- max. 5 m³/day
- treatment: UF
- operation: **inline** or with storage

The **economic system** is a wall-mounted water purification systems mainly for inline application

- 6 - 21 m³/day
- treatment: UF
- operation: **inline** or with storage

The **complete system** is a fully equipped water purification system with multi barrier system design, mainly for storage application

- 6 - 1,000 m³/day (modular design)
- treatment: UF+ACF+UV
- operation: **inline** or with storage

Membrane Distillation units

The **MDLab** is a fully automated, 24hour operation Lab unit for investigations in various MD Configurations.

The **MDIndustry** units are customized for the Application of the customer.

Portfolio

SolarSpring offers solar powered solutions for decentralized drinking water treatment and integrated membrane distillation systems for the industrial sector. The industrial solutions include:

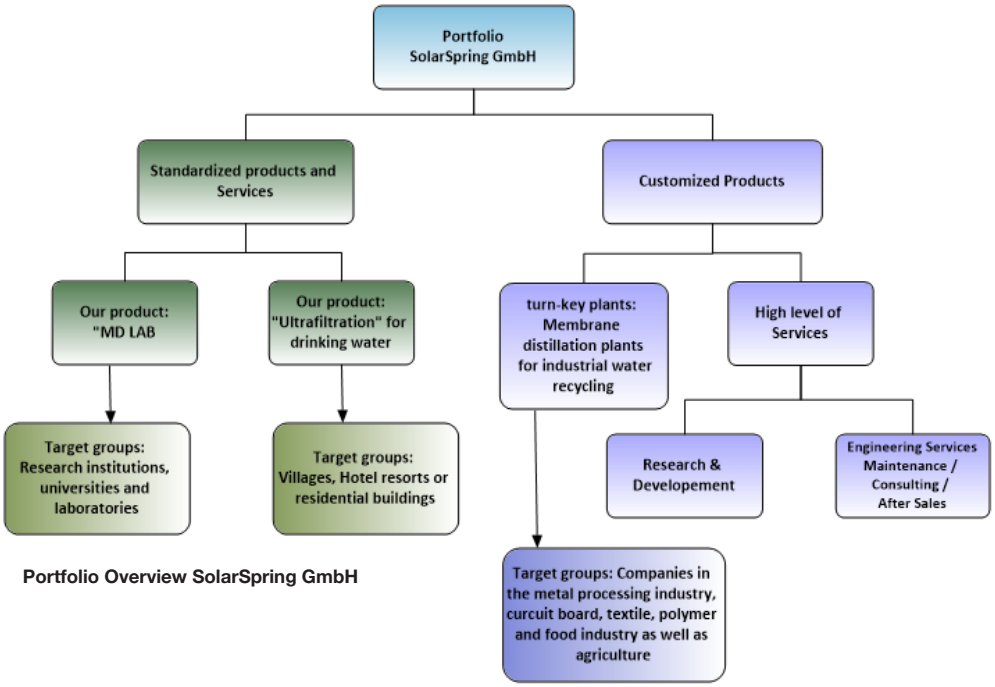
- Recycling of precious metals such as e.g., gold and palladium
- Zero Liquid Discharge and Minimum Liquid Discharge for e.g., Brine Treatment of RO-Units
- Food and Beverage; gentle concentration of sensitive ingredients
- Sewage treatment plants; reduction of CO2 emissions and production of fertilizer

Depending on the area of application, SolarSpring's systems can already be applied for treatment capacities as low as 0,1 m³ /day up to very large units.

Services

Customer-oriented wastewater analysis and plants developed according to customer requirements

Industrial wastewater from e.g., chemical, galvanic industry, textile industry or mines product manufacturing must be managed with care, using the appropriate industrial wastewater treatment process. SolarSpring is able to analyze different wastewater from different branches and provide recommendations for the most suitable and cost-effective industrial wastewater treatment processes to meet the specific treatment needs.



Portfolio Overview SolarSpring GmbH

Research and Development

SolarSpring is a spin-off of the Freiburg Fraunhofer Institute for Solar Energy Systems (ISE) and has more than 11 years of market experience in membrane distillation technology. SolarSpring works continuously on internal R&D to further develop its products and services. At the same time, the internal R&D department works on several internationally tendered research projects.

Research into the fundamental chemical and microbiological interrelations and the collection of data with modern methods of environmental analysis are essential activities. SolarSpring has an internal R&D department with its focus being on the development of new, innovative pilot plants and water treatment plants developed according to customer needs. The analytical laboratory and demonstration facilities and the R&D team with highly specialized engineers, chemists and plant engineers are the most important factors for the company's success.

Adjustments, optimizations, additional parts and technical innovations to the water treatment plants are constantly being added to and jointly discussed and tested with all customers. Also, with regard to the funding projects, the in-house innovations and new product developments are expanded and advanced. Currently, SolarSpring is developing a new module for the membrane distillation technology together with a supplier from Baden-Württemberg, which will enable a completely frameless distillation within the module. Efficiency will be increased, the necessary material input reduced, and costs lowered. SolarSpring current research projects are:

BrineMine
Funding volume: 193,000€
Duration: 3 years

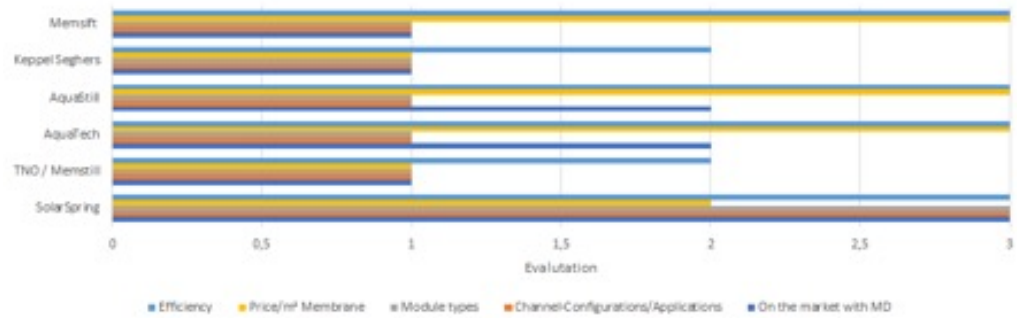
AmmoniumMD
Funding volume: 65,000€
Duration: 2.5 years

HasiMem
Funding volume: 233,000 €
Duration: 3 years

SERPIC
Funding volume: 148,000€
Duration: 3 years

Competitors

The efficiency of all membrane distillation plants shows a relatively high state of the art, only two competitors Memsift and Aquastill have not yet completed their technology to market maturity and commercialization. At the price development/comparison is the technology of SolarSpring currently more expensive; especially the Dutch competitor (Aquastill) has lower sales prices here. On the other hand, SolarSpring's strength is its high quality of materials, such as more stable modules and frame construction. SolarSpring uses higher quality polymers in the module and ordered it from European manufacturers. A particular competitive advantage is therefore the longevity, reliability of the technology and applications, which in turn allow it to serve a wider customer segment in the markets, such as brine, electroplating, acid, municipal wastewater, printed circuit boards, metalworking, food and textile.



Competior Analysis (Source: SolarSpring GmbH)

Market Overview

The reuse of municipal and industrial wastewater and process fluids is becoming increasingly important worldwide to ensure the economic and ecological availability of water.

Key factors that are driving the water and wastewater treatment equipment market include increasing demand for clean and processed water due to rapid urbanization, expanding population, and infrastructural development. This is coupled with stringent regulations by governments for wastewater emission.

Market Drivers

The global population tripled in the 20th century, which resulted in a dramatic increase in the usage of water. This, coupled with a 55% drop in available freshwater since 1960, puts a massive strain on available resources in our increasingly industrialized and thirsty world.

Allowing inadequately treated wastewater to flow into waterways means that harmful chemicals are mixing, causing unknown reactions. This requires remedies to handle water pollution if the wastewater shall be available for use again.

Wastewater treatment onsite, at an industrial facility, stops the issue at the source, preventing the effects of environmental pollution from developing. Many companies are now taking a further step and are performing wastewater recycling onsite.

For example, the manufacturing of textiles can take up to 200 tons of fresh water per ton of dyed fabric. Thus, there is inevitably a vast amount of wastewater produced in the process.

Industries producing a great amount of wastewater are:

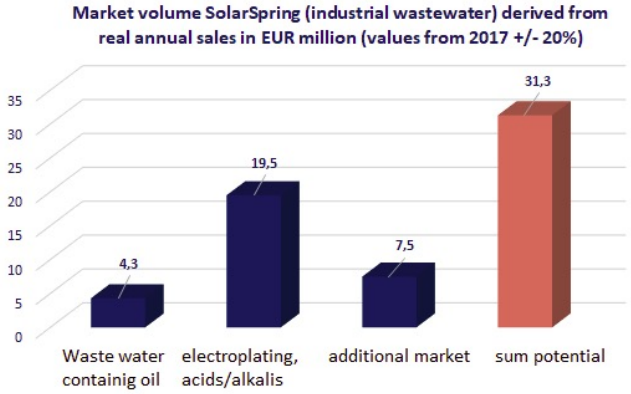
- Pharmaceutical
- Chemical
- Utilities
- Food and Beverage
- Oil and Gas
- Textiles
- Pulp and Paper
- Agriculture

Investments

The global Industrial Wastewater Treatment Market is expected to exceed $16.5 billion by 2027, and the market is anticipated to display a compound annual growth rate (CAGR) of 4.5% from 2020 through 2027 (report by Acumen Research and Consulting)[11].

Statistics provided by the United Nations show that over 1.8 billion people around the world are drinking contaminated water.

The United Nations have created 17 Sustainable Development Goals (SDGs) to help create a better and more sustainable future for everyone. SDG 6 focuses on Clean water and Sanitation. Water scarcity affects over 40% of the global population, and this number is expected to rise over the coming years. Shockingly, more than 80% of wastewater created by human activities is discharged into rivers or seas without appropriate pollution removal.



Market potential for Membrane Distillation

The above figure shows the market potential estimate for the market segment ”Industrial wastewater”.9 The green tech segment has a growth forecast of 7% and continues to rise steadily (source: Roland Berger Institute 2018)

In 2016, the global market volume for environmental technology and resource efficiency exceeded the three trillion-euro mark in 2016, amounting to 3,214 billion euros whereas 667 billion euros accrue for sustainable water management and 521 billion euros in raw material and material efficiency – the two core activities of SolarSpring[12].

[11] https://www.marketwatch.com/press-release/industrial-wastewater-treatment-market-size-share-to-grow-tremendously-during-2020-2027-industry-news-arc-2021-02-17?reflink=mw_share_email
[12] https://www.rolandberger.com/publications/publication_pdf/roland_berger_greentech_atlas_2018.pdf

Trends and challenges

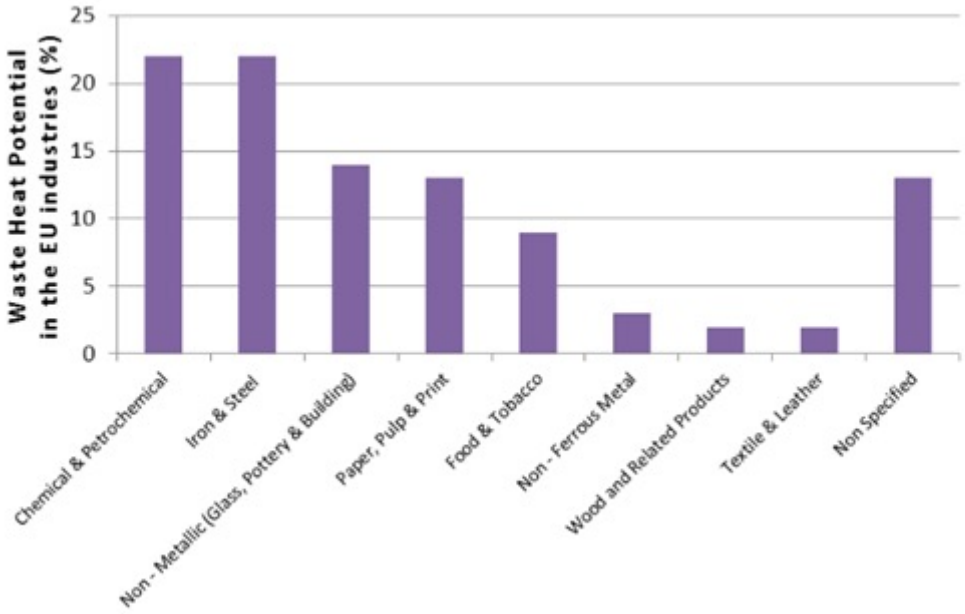
The global shortage of water makes water as a raw material one of the most precious goods in the world. The uninterrupted supply of clean water for drinking, agriculture and industry is one of the great challenges of the future.

European plant engineering (with a highwater consumption in the manufacturing process) is coming under increasing pressure from new requirements on the part of customers, the digital transformation and competition, especially from China.

The “megatrends” in the field of environmental technologies/energy/Clean Tech are often described in six fields: 1) energy efficiency, 2) digitalization, 3) sector coupling, 4) decarbonization, 5) renewable energies and 6) circular economy.

The simplicity of MD along with the fact that it can use waste heat and/or alternative energy sources, such as solar and geothermal energy, enable MD to be combined with other processes in integrated systems, making it a promising separation technique.

It is estimated that between 20 to 50% of industrial energy input is lost as waste heat in the form of hot exhaust gases, cooling water, and heat lost from hot equipment surfaces and heated products. As the industrial sector continues efforts to improve its energy efficiency and as MD water treatment processes can be driven by waste heat MD water treatment is especially promising.



Waste, heat potential per industrial sector in the EU (%), Preliminary assessment of waste heat potential in major European industries

“ European plant engineering (with a highwater consumption in the manufacturing process) is coming under increasing pressure from new requirements on the part of customers, the digital transformation and competition, especially from China. ”

Selected financial information

The following section presents historical financial information for the Company regarding the years 2019 and 2020. The financial information for 2019 and 2020 is taken from the Company's audited annual reports for each year which have been prepared in accordance with the Swedish Annual Accounts Act (1995:1554) and the Swedish Accounting Standards Board accounting standard BFNAR 2012:1 (K3).

The presented historical information below must be read together with the Company's audited annual reports with accompanying notes for the financial years 2019 and 2020, which have been incorporated in the Company Description by reference.

Consolidated Income Statement

AMOUNTS IN TSEK	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	-11 778	-7 283
Other external expenses	-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**

Selected financial information

Sales by products:

AMOUNTS IN TSEK	2020	2019
Fresnel	239	744
Photovoltaic	103	0
Ultrafiltration	633	0
Membrane Destillation	1.041	0
Others	3	83
Total	**2.018**	**827**

Consolidated Balance Sheet

AMOUNTS IN TSEK	31.12. 2020	31.12. 2019
ASSETS		
Non-current assets		
Goodwill	1 341	0
Intangible fixed assets	232	2
Machinery	1 368	181
Equipment	1 050	190
Total non-current assets	**3 991**	**373**
CURRENT ASSETS		
Inventories		
Finished good and merchandise	387	16
Advance payments to suppliers	90	0
Total Inventories	**477**	**16**
Current receivables		
Accounts receivable	909	127
Accrued non-invoiced revenue	1 297	1 260
Other short-term receivables	487	760
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**

AMOUNTS IN TSEK	31.12. 2020	31.12. 2019
EQUITY		
Share capital	1 199	748
Unregistered share capital	0	0
Total	**1 199**	**748**
Accumulated profit or loss	-11 369	-2 278
Share premium account	43 321	14 596
Translation losses on consolidation	-34	0
Loss for the period	-13 523	-8 929
Total	**18 395**	**3 389**
Total equity	**19 594**	**4 137**
LIABILITIES		
Current liabilities		
Liabilities to credit institutions	584	0
Accounts payables	676	103
Payments received	770	743
Other short term liabilities	3 108	3 352
Accrued expenses & defer. income	6 581	3 665
Total Liabilities	**11 719**	**7 863**
TOTAL EQUITY AND LIABILITIES	**31 313**	**12 000**

Consolidated Cash Flow Statement

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 intangible 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 equvalents end of period	**20 352**	**9 116**

Comments to the financial development

Financial year 2019 compared to financial year 2020

A comparison between the periods 1 January-31 December 2020 and 1 January-31 December 2020. Note that Clean Industry Solutions consolidated SolarSpring GmbH on 01 March 2020, meaning the acquisition is from the acquisition date included in the consolidated statements of income balance sheet and cash flow for the period ending 31 December 2020. However, the acquisition of SolarSpring did not have an impact exceeding 18 percent on any appropriate indicators of size and therefore a pro forma financial statement has not been prepared.

Operating Income

The operating income for 2020 amounted to TSEK 4,573, compared with TSEK 2,842 in 2019. The increased revenue was primarily driven by the consolidation of SolarSpring.

Without SolarSpring the operating income would show a nominal decrease of -41%. This decrease would change to an increase of +12% if an overestimated income of approximately TSEK 700 in 2019 would be adjusted (other operating income 2019 would drop and 2020 would rise by this amount).

The overestimation affected the other operating income and had become necessary due to a subsidy of TSEK 4,184 received in 2019, that had to be accrued to the following years partially. This part was estimated too low, which was discovered in 2020 only, when a deeper analysis on this topic had been made.

The other operating income currently accounts for the largest share of Industrial Solar's total operating income (73% in average of 2019 and 2020). It is a stable base on the revenue side and this basis will continue to exist over the upcoming years with its absolute value increasing even further.

The biggest part of the other operating income is the revenue from subsidies (90%). The subsidies are granted for, in the next few years, several R&D-projects in the field of sustainable energy technologies and most of them have the installation of a Fresnel collector-based power generation system as their goal. All installations can be used as reference projects and will be the base for future additional sales of these technologies.

Backed by an increased sales team, these additional sales together with the expansion in other sustainable energy technologies and other regional markets, Industrial Solar's share of sales in total income (27% in average of 2019 and 2020) is expected to be significantly expanded from 2022 on. Due to the Corona pandemic the sales in 2021 are expected to remain on the low level of 2020 (that dropped due to the pandemic by 51% compared to 2019).

The income situation of SolarSpring is comparable to the one of Industrial Solar: The share of other operating income in total income has averaged 68% over the last two years, with 100% of this income consisting of subsidies. The income from subsidies will continue in subsequent years, albeit to a lesser absolute extent. They are granted for R&D-projects in the field of recycling and cleaning technologies for contaminated wastewater for industrial applications and always include an installation of a water treatment plant at an industrial site. All installations can be used as reference projects and will be the base for future additional sales of these technologies.

A further 14 % (average of the last two years) of SolarSpring's revenue consists of own work capitalized (self-built technical equipment used in production). The remaining 19% (average of the last two years) are sales respectively work in progress converted to sales, where a growth of 65% was realized in 2020. With the developed new technologies for water purification the growth in sales is expected to be continued and the corresponding share in total income significantly increased.

EBIT

The EBIT for the full year 2020 amounted to TSEK -13,523 compared to TSEK -8,929 in 2019. TSEK -3,154 of that is due to SolarSpring's loss. Taking into account the overestimated income mentioned above, the EBIT without SolarSpring would be TSEK -9,514 in 2020 and TSEK -9,689 in 2019. The costs without SolarSpring did rise by 0.7%.

Non-current Assets

The non-current assets did rise from TSEK 373 in 2019 to TSEK 3,991 in 2020 mainly as a result of the consolidation of SolarSpring.

Current Assets

The current assets amounted to TSEK 27,322 in 2020 compared to TSEK 11,627 in 2019. The increase of inventories, accounts receivables and prepaid expenses is mainly a result of the consolidation of SolarSpring. The growth of cash was driven by the capital increase in 2020.

Equity

The increase of equity from TSEK 4,137 in 2019 to TSEK 19,594 in 2020 is a result of the capital increase in 2020.

Liabilities

Most of the increase of the liabilities from TSEK 7,863 in 2019 to TSEK 11,719 in 2020 is due to the consolidation of SolarSpring. The growth of the deferred income is driven by the subsidies received by Industrial Solar in 2020.

Cash flow

Cash flow from operating activities amounted to TSEK -8,658 compared to SEK -5,169 in 2019. The reason for the change is mainly the consolidation of SolarSpring.

Cash flow from investing activities amounted to TSEK –3,179, compared to TSEK -231 in 2019. The change was primarily driven by the acquisitions of SolarSpring.

Cash flow from financing activities amounted to TSEK 23,073, compared to TSEK -138 in 2019. The growth is due to the issue of new shares.

Significant Events after 31 December 2020

In addition to the events described in the section *Capitalisation, indebtedness and other financial* information, the Company considers that no significant events have occurred after 31 December 2020.

Capitalisation, indebtedness and other financial information

The tables in this section describe the Company's capitalisation and indebtedness on a Group level. Clean Industry Solutions presents the information on an actual basis as of 31 March 2021 (in other words based on the figures from the Company's balance sheet as of 31 March 2021, derived from Clean Industry Solutions internal accounting system). The presented debts included in the tables below are interest-bearing. Refer to the section Share capital and ownership structure for further information about the Company's share capital and shares. The information presented in this section should be read together with the section Comments to the financial development and Selected financial information and Clean Industry Solutions' audited annual report for the financial year 2020, which has been incorporated in the Company Description by reference.

Working capital statement

The Company believes that the existing working capital is sufficient to meet CISH AB's working capital and capital expenditure needs for at least the next 12 months as of the date of the Company Description.

This statement is based on the budget 2021/2022. On the income side, only those revenues were taken into account that are considered to be very secure (e.g., already committed subsidies). The cost side was also budgeted very cautiously, so that overall it can be assumed that the budgeted working capital is on a secure footing. In addition, there would still be room for savings in the event that assumptions were to prove partially incorrect.

Capitalisation

AMOUNTS IN TSEK	31.03.2021
CURRENT DEBT	
Guarantee	0
Secured	0
Unguaranteed / Unsecured	2 113
Total Current Debt	**2 113**
Non-current Debt	
Guarantee	0
Secured	0
Unguaranteed / Unsecured	0
Total Non-current Debt	**0**
Shareholder's equity	
Share capital	1 199
Additional paid in capital	43 321
Reserves	0
Retained earnings (including loss for the year)	-28 730
Total equity	**15 790**
Total capitalisation (including loss for the year)	**17 903**

Net Indebtedness

AMOUNTS IN TSEK	31.03.2021
A - Cash	15 040
B - Cash equivalents	0
C - Trading securities	0
D - Liquidity (A+B+C)	**15 040**
E - Current financial receivable	**0**
F - Current bank debt	504
G - Current portion of non-current debt	0
H - Other current financial debt	1 609
I - Current financial debt (F+G+H)	**2 113**
J - Net current financial indebtedness (I-E-D)	**-12 927**
K - Non-current bank loans	0
L - Bonds issued	0
M - Other non-current loans	0
N - Non-current financial indebtedness (K+L+M)	**0**
O - Net financial indebtedness (J+N)	**-12 927**

Share capital and ownership structure

General information

According to the Company's articles of association at the date of the Company Description, the share capital may not be less than SEK 500,000 and not exceed SEK 2,000,000, and the number of shares may not be less than 5,000.000 and not exceed 20,000,000. As of the date of this Company Description, the Company's registered share capital amounts to approximately SEK 1,199,435.27 and there are a total of 12,188,792 shares outstanding in the Company. The shares are denominated in SEK and each share has a quotient value of approximately SEK 0.10. There is only one class of shares in the Company and the shares have been issued in accordance with Swedish law. All issued shares are fully paid and freely transferable. The ISIN code for the Company's shares is SE0011762517.

The shares are not subject to any mandatory public offer or any right or obligation of redemption. No public takeover offer has been made in respect of the Company's shares under the current or preceding financial year.

To the best of the Board's knowledge, there are no shareholders' agreements or corresponding agreements regarding the Company, in purpose of creating a joint influence over the Company. For information on Board members' and senior executives' shareholdings in the Company, see the section "Board of Directors, executive management and auditor".

Convertibles, warrants and other share-related instruments

As of the date of this Company Description, the Company has no outstanding warrants, convertibles or other share-related financial instruments.

Authorization

The Annual General Meeting on 15 June 2020 resolved to authorize the Board of Directors to, on one or more occasions during the period up to the next Annual General Meeting, resolve to increase the Company's share capital by no more than SEK 500,000 through new issue(s) of no more than 5,000,000 shares. Such new issue(s) may be affected with deviation from the shareholders' preferential rights and/or with a provision of non-cash consideration, set-off or otherwise with terms pursuant to Chapter 13, Section 5, paragraph one, point 6 and Chapter 2, Section 5, paragraph two, points 1-3 and 5 of the Swedish Companies Act (2005:551). New share issue(s) pursuant to the authorization shall be made on market terms. The Board shall determine the terms and conditions, including who shall be entitled to subscribe, in new issue(s) pursuant to the authorization. The Board may deviate from the shareholders' preferential rights and/or resolve on provisions of non-cash consideration, set-off or otherwise with terms as stated above because the Company shall be given room for maneuver in connection with strategic acquisitions of companies or businesses.

Certain rights associated with the shares

The rights associated with the shares issued by the Company, including those pursuant to the articles of association, may only be amended in accordance with the procedures stated in the Swedish Companies Act (2005:551).

All shares give equal rights to a share in the Company's assets and earnings. In case of liquidation of the Company, shareholders are entitled to a share of profits in relation to the number of shares held by the shareholder.

Voting rights

Each share in the Company entitles the holder to one vote at general meetings of shareholders.

Preferential rights to new shares

If the Company issues new shares, warrants or convertibles in a cash issue or a set-off issue, shareholders shall, as a general rule, have preferential rights to subscribe for such securities proportionally to the number of shares held prior to the issue.

Dividends and dividend policy

As of the date of this Company Description, Clean Industry Solutions has not paid any dividends and the Company's Board of Directors has not adopted a dividend policy. Resolutions regarding dividends are made by the general meeting of shareholders and

dividends are paid through Euroclear Sweden. All shareholders who are registered in the share register maintained by Euroclear Sweden on the record date determined by the general meeting of shareholders are entitled to receive dividends. Dividends are normally paid as a cash amount per share, although they may also be paid in a form other than cash (cash-in-kind dividend). Dividends may only be paid in an amount that ensures there is full coverage for the Company's restricted equity after the dividend is paid and provided that the dividend appears to be justifiable taking into account (i) the demands placed on the size of the Company's equity due to the type of business conducted, its scope and risks, and (ii) the Company and the Group's consolidation needs, liquidity and position in general. As a general rule, the shareholders are not permitted to decide on dividends in an amount larger than that proposed or approved by the Board of Directors. Should a shareholder not be reached through Euroclear Sweden, the shareholder will continue to have a claim against the Company concerning the dividend amount and this is only limited by rules concerning a ten-year statute of limitation. After the period of limitation, the dividend amount accrues to the Company. Neither the Swedish Companies Act (2005:551) nor the Company's articles of association contain any restrictions regarding the right to dividends for shareholders outside Sweden. Apart from the restrictions pursuant to banking and clearing systems, payments to such shareholders are made in the same manner as those made to shareholders domiciled in Sweden. Shareholders who are not subject to taxation in Sweden are normally subject to Swedish withholding tax. For further information, refer to the section "*Tax considerations in Sweden*".

Central securities depository

The Company's shares are issued in dematerialized form through the services of Euroclear Sweden (P.O. Box 191, SE-101 23 Stockholm, Sweden). In accordance with the Swedish Central Securities Depository and Financial Instruments (Accounts) Act (1998:1479), Euroclear is the central securities depository and clearing organization for the shares. Accordingly, no share certificates have been issued and any share transfers are made electronically.

Share capital trend

The following table shows the share capital trend for the Company's share capital during the years covered by the financial overview.

Date	Event	Change in number of shares	Change in share capital (SEK)	Share offer price (SEK)	Total number of shares	Total share capital (SEK)
2020-06-30	Set-off issue	795,243	78,255.80	7.68	12,188,792	1,199,435.27
2020-03-18	Share issue	3,797,054	373,648.19	6.50	11,393,549	1,121,179.47
2019-02-06	Share issue	1,201,665	118,249.56	6.20	7,596,495	747,531.28
2018-12-19	Share issue	1,313,775	129,281.72	6.20	6,394,830	629,281.72
2018	Split	5,081,055	N/A	N/A	5,081,055	500,000.00
2018	Reverse split	499,999	N/A	N/A	1	500,000.00

Ownership structure

As of 12 February 2021, the number of shareholders in Clean Industry Solutions amounted to 3,041. The Company's largest shareholders with shareholdings over five percent of the total shares in the Company as of 31 December 2020 and known changes thereafter, are listed below.

SHAREHOLDER	NUMBER OF SHARES	% OF SHARES	NUMBER OF VOTES	% OF VOTES
Joakim Byström	1,156,739	9.49	1,156,739	9.49
Christian Zahler	1,120,373	9.19	1,120,373	9.19
Fastighets AB Ponord	1,003,639	8.23	1,003,639	8.23
Tobias Schwind	971,876	7.97	971,876	7.97
Total largest shareholders	**4,252,627**	**34.88**	**4,252,627**	**34.88**
Other shareholders	7,936,165	65.12	7,936,165	65.12
Total	**12,188,792**	**100**	**12,188,792**	**100**

Certified Adviser

A company whose shares are admitted to trading on First North must appoint a Certified Adviser to oversee the Company's compliance with First North's rules. The Company has appointed Amudova AB as Certified Adviser in connection with the admission to trading of Clean Industry Solutions' shares on First North. Amudova AB owns no shares in the Company.

Lock-up agreements

Further, the Board member Daniel Pfeifle received 15,032 shares in the Company following the purchase of SolarSpring GmbH in his capacity as one of the sellers. All shares received by ex-shareholders are subject to lock-up pursuant to the share purchase agreement (for more information on the purchase, refer to the section "Legal considerations and supplementary information"). According to the agreement, 80 percent of the transferred shares are subject to lock-up until 31 December 2020, 60 percent until 31 December 2021, 40 percent until 31 December 2022, 20 percent until 31 December 2023. From 1 January 2024 the shares are no longer subject to any lock-up.

As of the date of this Company Description, the total number of shares subject to lock-up amounts to 173,508.

Board of Directors, executive management and auditor

Board of Directors

According to the Company's articles of association, the Board shall consist of at least three and no more than ten Board members and no more than ten deputy Board members. Clean Industry Solutions' Board of Directors consists of six Board members, including the Chairman of the Board, elected for the period until the date of the 2021 Annual General Meeting.

The table below shows the Board members and whether they are independent in relation to the Company and its executive management and/or major shareholders.

NAME	POSITION	INDEPENDENT IN RELATION TO	
		The Company and senior management	Major shareholders
Finn Johnsson	Chairman of the Board	YES	YES
Markus Augustsson	Board member	YES	YES
Daniel Pfeifle	Board member	NO	YES
Olle Olsson	Board member	YES	YES
Tobias Schwind	Board member	NO	YES
Christian Zahler	Board member and CEO	NO	YES

Finn Johnsson

Chairman of the Board since 2021.
Born: 1946
Education/background: Finn is Swedish. He holds a degree from the Stockholm School of Economics.
Other current assignments: Board member in Energifonden Sverige AB, EFG European Furniture Group AB and Powerboat AB, and chairman of Carlsquare AB and Thomas Concrete Group AB, inter alia.
Previous assignments : Managing Director/CEO in Tarkett AB, Stora Enso, Euroc AB, Mölnlycke Health AB, chairman in Ovako AB, AB Geveko, KappAhl AB, Klövern AB and AB Volvo, inter alia.
Holdings in the Company: -

Olle Olsson

Board member since 2018. Chairman of the Board 2020-2021
Born: 1982
Education/background: Olle is Swedish. He holds a M.Sc. in Engineering from Uppsala University.
Other current assignments: Board member of Absolicon Solar Collector AB, Mxsol AB and Saravanos Solar++ AB.
Previous assignments: Chairman of the Board of Absolicon Solar Collector AB.
Holdings in the Company: 995 shares.

Markus Augustsson

Board member since 2020
Born: 1982
Education/background: Markus is Swedish. He holds a M.Sc. in Finance from Lund University and studies in mathematics, philosophy and programming at Linköping University.
Other current assignments: Head of Equity Research at Carlsquare AB.
Previous assignments: -
Holdings in the Company: -

Daniel Pfeifle

Born: 1981
Board member since 2020
Education/background: Daniel is German. He holds a Dipl. Ing. (FH) in Engineering from Nordhausen University of Applied Sciences.
Other current assignments: CEO of SolarSpring GmbH.
Previous assignments: Head of Membrane Distillation Development at SolarSpring GmbH.
Holdings in the Company: 15,032 shares.

Tobias Schwind

Board member since 2018
Born: 1971
Education/background: Tobias is German. He holds a M.B.A. from ESCP-Europe/Paris and has studied Business Economics at Berufsakademie Stuttgart.
Other current assignments: CEO of Fraunhofer Technology Transfer Fund GmbH. Board member of Mondas GmbH. Partner and co-founder of Carbon Free Industry UG.
Previous assignments: Managing Director (kaufmännischer Geschäftsführer) of Industrial Abwicklungsgesellschaft GmbH and Industrial Solar GmbH.
Holdings in the Company: 971,876 shares.

Christian Zahler

Board member since 2018
Born: 1968
Education/background: Christian is German. He holds a M.Sc. in Physics from University of Freiburg.
Other current assignments: Managing Director of Industrial Solar GmbH. Partner and co-founder of Carbon Free Industry UG.
Previous assignments: Managing Director (technischer Geschäftsführer) of Industrial Abwicklungsgesellschaft mbH and Industrial Solar GmbH.
Holdings in the Company: 1,120,373 shares.

Executive management

Christian Zahler

CEO since 2018
Born: 1968
For more information, refer to *"Board of Directors"* above.

Other information about the Board of Directors and executive management

There are no family ties between any member of the Board of Directors of the executive management. There is a consultancy agreement between Tobias Schwind and the Company and Industrial Solar GmbH, whereunder Tobias provides advice in various areas (for more information, refer to the section "*Legal considerations and supplementary information*"). Other than above, there are no conflicts of interest or potential conflicts of interest between the undertakings of the Board of Directors and the executive management in relation to the Company's and the respective private interests of the Board members and members of the executive management and/or other undertakings (however, several of the members of the Board of Directors and the executive management have certain financial interests in Clean Industry Solutions due to their direct or indirect shareholding in the Company).

In 2017, Olle Olsson was fined 34,000 SEK by the Swedish Financial Supervisory Authority (Sw. Finansinspektionen) as he did not report a transaction of financial instruments in Absolicon Solar Collector AB in due time. Olle participated in an ongoing rights issue and received BTA:s (paid subscribed shares) to his account. He reported the transaction three days later than allowed. Further, Christian Zahler was technical director (technischer Geschäftsführer) and Tobias Schwind the commercial director (kaufmännischer Geschäftsführer) of Industrial Solar GmbH when the company was declared bankrupt in May 2018. The bankruptcy was caused by the Chinese investor Royal Tech CSP who could not fulfil an investment agreement due to a conflict of interest.

Apart from what has been stated above, no member of the Board of Directors or the executive management have over the last five years (i) been convicted of fraud or other financial crime related cases, (ii) represented a company that has been declared bankrupt or has applied for compulsory liquidation, (iii) been subject of sanctions or accused by authorities or bodies acting for particular professional groups under public law, or (iv) been subject to injunctions against carrying on business.

The Company has no allocated or accrued amounts for pensions and similar benefits following resignation from employment or other assignments.

The Company's Board of Directors and executive management can be contacted via the Company's postal address: c/o Win-Win Ekonomi AB, Palmfeltsvägen 21, SE-121 62 Johanneshov, Sweden.

Auditor

The Company's auditor is KPMG AB, with Lars Skoglund as auditor in charge. Lars Skoglund is an authorised public accountant and member of FAR (the Swedish trade organisation for accounting consultants, auditors and advisors). KPMG AB and Lars Skoglund can be contacted at KPMG AB, Box 476, 851 06 Sundsvall, Sweden.

Remuneration to Board members

Remuneration to the members of the Board of Directors is resolved by the general meeting. On 15 June 2020, the Annual General Meeting resolved upon a yearly fee of SEK 94,600 to the Chairman of the Board and SEK 47,300 per other member of the Board.

Remuneration to the senior executives

The remuneration to the CEO and other senior executives may consist of fixed salary, variable salary, pension benefits and other benefits. The remuneration shall be market-based and based on competence, performance and area of responsibility. A mutual notice period of six months applies for both the CEO and CFO.

Remuneration to the senior executives for the financial year 2020:

The CEO Christian Zahler is employed by Industrial Solar GmbH and received in 2020 a yearly gross salary of 80,000 € plus a contribution to a private pension plan of 2,345 €.

Incentive programs

Stock Appreciation Rights Program in Industrial Solar

Certain individuals who were employed in Industrial Solar by 31 December 2018 were granted Stock Appreciation Rights ("SAR") where one SAR corresponds to one share in CISH. There is a pooling vehicle called "Industrial Solar Poolgesellschaft GbR" to which the shares in CISH covered by the program have been transferred. A total of 348,972 CISH shares were donated by Tobias Schwind and Christian Zahler for this purpose. As of the date of this Company Description, a total of 235,000 SARs have been allotted to 10 key employees. These SARs are subject to vesting period provisions that reduce over time, whereunder 75 percent of the SARs are subject to vesting period up until 8 January 2021, 50 percent until 8 January 2022 and 25 percent until 8 January 2023. Accordingly, the SARs will be fully vested by 8 January 2023. The SARs cannot be sold and employees that give notice of termination or whose employment is terminated for cause lose their rights to the SARs. At the request of an employee holding one or more SARs, the underlying share in CISH will be sold and the proceeds will be paid to said employee as salary. Thus, the program entails no dilution.

Stock Appreciation Rights Program in SolarSpring

The share purchase agreement regarding SolarSpring contained a condition that 506,064 shares in CISH should be issued and allotted to certain employees for a SAR program. These shares have been issued and are held by the legal entity "Mitarbeiterbeteiligung SolarSpring UG". Entitled for allotment are individuals in SolarSpring who were employed by 23 March 2020 and former shareholders. The Managing Director of SolarSpring has yet to present an allotment proposal to the Board of Directors of CISH, which has to make a resolution in this regard. These SARs are subject to vesting periods provisions that reduce over time, whereunder 75 percent of the SARs are subject to a vesting period up until 8 January 2022, 50 percent until 8 January 2023 and 25 percent until 8 January 2024. Accordingly, the SARs will be fully vested by 8 January 2024. As of the date of this Company Description, no SARs have been allotted. One SAR is equivalent to one share in CISH. At the request of an employee holding one or more SARs, the underlying share in CISH will be sold and the proceeds will be paid to said employee as salary. Thus, the program entails no future dilution.

Corporate governance

General information

Clean Industry Solutions is a Swedish public limited liability company that is regulated by Swedish corporate law. The Company has previously been listed at Spotlight Stock Market and prior to the Listing on First North, the Company's corporate governance was based on Swedish law, internal rules and instructions and Spotlight Stock Market's rules for issuers. Once Clean Industry Solutions is listed on First North, the Company will also comply with the Nasdaq First North Growth Market Rulebook. In addition to legislation, rules and recommendations, the articles of associations of the Company form the basis for the governance of the Company's operations.

Following the Listing on First North, the Company will not be required to comply with the corporate governance rules of the Swedish Corporate Governance Code (Sw. *Svensk kod för bolagsstyrning*) as First North is not considered to be a regulated market. First North is an alternative market, operated by the different exchanges within Nasdaq. It does not have the legal status as an EU-regulated market. Companies at First North are subject to the rules of First North and not the legal requirements for admission to trading on a regulated market.

General meetings

The general meetings of the shareholders are, in accordance with the Swedish Companies Act (2005:551), the highest decision-making body of the Company. At the general meetings, the shareholders exercise their voting rights on key issues, including inter alia decisions regarding adoption of income statements and balance sheets, allocation of the Company's results, discharge from liability for the Board of Directors and the CEO, election of members of the Board and auditor and remuneration to the Board of Directors and auditor.

Subject to the provisions of the Swedish Companies Act (2005:551), Annual General Meetings shall be held at such time and place as the Board members may determine. The Company must hold an Annual General Meeting within six months of its financial year end. Resolutions are passed by the appropriate majority at a properly convened meeting.

A general meeting shall be called by at least such minimum notice as is required or permitted by the Swedish Companies Act (2005:551). All shareholders who are directly registered in the share register, maintained by Euroclear Sweden AB in accordance with the Swedish Companies Act (2005:551), and have notified the Company of their intention to participate (including any assistants) at the general meeting, no later than on the date stated in the notice of the general meeting, have the right to attend the general meeting and vote for the number of shares they hold. Shareholders may attend the general meeting in person or by proxy. Shareholders can normally register for the general meetings in several different ways, as stated in the notice of the general meeting. The Company may give such notice by any means or combination of means permitted by the Swedish Companies Act (2005:551).

At any general meeting, a resolution put to a vote of the meeting shall be decided on a show of hands, unless a poll is duly demanded. At any general meeting, every member who is present in person or by proxy shall have one vote for each share on a poll.

Shareholders who wish to have a matter addressed at the general meeting must submit a written request to the Board of Directors. The Board of Directors must normally have received the request no later than seven weeks before the general meeting.

Board of Directors

The Board of Directors is the highest decision-making body following the general meeting and the Company's highest executive body. In accordance with the Swedish Companies Act (2005:551), the Board is responsible for the management and organization of the Company, which means that the Board is responsible for, among other tasks, establishing goals and strategies, ensuring that procedures and systems are in place for the evaluation of decided goals, continuously evaluating the Company's financial position and result, and evaluating the executive management. The Board is also responsible for ensuring that the annual report, consolidated financial statements of the Group and interim reports are prepared on time. The Board also appoints the CEO. The members of the Board are elected every year at the Annual General Meeting for the period until the end of the next Annual

General Meeting. According to the Company's articles of association, the Board of Directors, insofar as it is elected by the general meeting, shall consist of at least three and no more than ten Board members and no more than ten deputy Board members.

The Chairman of the Board is elected by the general meeting and has a specific responsibility to lead the Board of Directors' work and shall ensure that the work is well organised and carried out efficiently. The Board of Directors follows written rules of procedure, which are revised annually and adopted by the inaugural meeting with the Board of Directors every year. Among other matters, the rules of procedure stipulate practices of the Board of Directors, functions and the division of work between the members of the Board and the CEO and the established committees. In connection with the inaugural meeting with the Board of Directors, the Board of Directors also establishes instructions for the financial reporting and the CEO.

The Board of Directors hold meetings according to an annual schedule established in advance. In addition to these meetings, additional meetings can be convened to address issues which cannot be postponed until the next scheduled meeting. In addition to the Board meetings, the Chairman of the Board and the CEO continuously discuss the management of the Company. The Board of Directors of the Company currently consists of six Board members elected at the shareholders' meeting, who are presented in greater detail in the section "*Board of Directors, executive management and auditor*".

Chief Executive Officer

The CEO is appointed by the Board and has the primary responsibility for the day-to-day management of the Company and the daily operations. The division of work between the Board and the CEO is set forth in the rules of procedure for the Board and the instructions for the CEO. The CEO is also responsible for preparing reports and compiling information from the executive management for the meetings with the Board of directors and for presenting such materials at the meetings. According to the instructions for financial reporting, the CEO is responsible for the financial reporting of the Company and shall, accordingly, ensure that the Board of Directors receives adequate information to enable the Board of Directors to continuously assess the Company's financial position. The CEO is formally employed in the subsidiary Industrial Solar GmbH.

The CEO must continuously keep the Board of Directors informed of the development of the Company's operations, the amount of sales, the Company's financial position and result, the liquidity and credit situation, important business events and other circumstances that cannot be presumed to have an insignificant importance to the Company's shareholders for the Board of Directors to be aware of (such as material disputes, cancellation of agreements that are important to the Company and significant circumstances concerning the Company's facilities). The CEO and other senior executives are presented in greater detail in the section "*Board of Directors, executive management and auditor*".

Auditing

The auditor is to review the Company's annual report and accounting gas well as the management of the board and the CEO. Following each financial year, the auditor is to submit an audit report and a consolidated audit report to the annual general meeting. In accordance with the Company's articles of association, the Company shall have one or two auditors with no more than two deputy auditors or one registered auditing company. The Company's auditor is KPMG AB, with authorised public accountant Lars Skoglund as auditor in charge. Lars Skoglund is an authorised public accountant and member of FAR (the Swedish trade organisation for accounting consultants, auditors and advisors). The Company's auditor is presented in greater detail in the section "*Board of directors, executive management and auditor*".

Articles of association

Articles of association

Reg. No. 559110-3792

Adopted at an Extraordinary General Meeting on 22 February 2021.

This is an unofficial translation. In case of any discrepancy, the Swedish text shall prevail.

§ 1 Company name

The corporate name of the company is Clean Industry Solutions Holding Europe AB. The company shall be public (publ).

§ 2 Registered office

The registered office of the board of directors is Stockholm.

§ 3 Object of the company

The company shall, directly or indirectly, conduct the development and manufacture of renewable energy equipment. Service and design, sale and financing of renewable energy projects. Trading in securities.

§ 4 Share capital and number of shares

The minimum share capital is SEK 500,000 and the maximum share capital is SEK 2,000,000. The minimum number of shares is 5,000,000 and the maximum number of shares is 20,000,000.

§ 5 Board

The board of directors shall consist of 3 – 10 directors with not more than 10 deputy directors.

§ 6 Auditor

The company shall have 1 – 2 auditors with maximum 2 deputy auditors or one registered auditing company.

§ 7 Notice to general meetings

Notice to attend a general meeting shall be advertised in Post- och Inrikes Tidningar (The Official Swedish Gazette) and on the company website. At the time of notice, information about the notice shall be advertised in Dagens Industri.

§ 8 Opening of Annual General Meetings

The annual general meeting shall be opened by the chairman of the board or who is appointed by the board of directors and shall reside until the annual meeting has elected a chairman of the meeting.

§ 9 Annual General Meeting

Annual General Meeting shall be held yearly within six months from the end of the fiscal year. The following matters shall be considered at the Annual General Meeting:

1. Election of chairman of the meeting,
2. Preparation and approval of the voting list,
3. Approval of the agenda,
4. Election of one or two persons to verify the minutes,
5. Determination as to whether the meeting has been duly convened,
6. Presentation of the annual report and auditor's report and, if any, the consolidated annual report and the auditor's statement regarding the consolidated annual report,
7. Resolutions on

a) adoption of the profit and loss account and the balance sheet,

b) allocation of the company's profits or losses according to the adopted balance sheet,

c) discharge from liability of the members of the board of directors and the managing director.

8. Determination of remuneration to the board of directors and to the auditor,
9. Election of board of directors and election of auditor,
10. Any other matter on which the Annual General Meeting is required to resolve pursuant to the Swedish Companies Act or the Articles of Association.

§ 10 Fiscal year

The company's financial year shall be 1 January – 31 December.

§ 11 CSD Company

The company's shares shall be registered in a central securities depository register in accordance with the Financial Instruments Accounts Act (1998:1479).

Legal considerations and supplementary information

Legal Group structure

Clean Industry Solutions, registration number 559110-3972, is a public limited liability company founded on 10 March 2017 and registered with the Swedish Companies Registration Office (Sw. *Bolagsverket*) on 28 April 2017. The Company operates in accordance with the Swedish Companies Act (Sw. *aktiebolagslagen* (2005:551)) and the board has its registered office in Stockholm, Sweden.

The Company has two wholly owned subsidiaries: Industrial Solar GmbH and SolarSpring GmbH.

Material agreements

On 23 March 2020, the Company entered into a share purchase agreement regarding the acquisition of all the shares in SolarSpring GmbH. The consideration was split into the following three components: (i) EUR 200,000 paid in shares of the Company by means of a share issue, (ii) EUR 250,000 in an injection of working capital to SolarSpring GmbH, and (iii) a commitment to implement an employee stock option program in SolarSpring GmbH. The share price of the Company's shares in the issue was determined by the average share price during the 90 trading days before the notarization of the share purchase agreement. As of the date of this Company Description, (i) and (ii) above has been settled and the employee stock option program has been implemented. The shares for the stock appreciation rights program are held by the independent legal entity "Mitarbeiterbeteiligung SolarSpring UG".

On 13 April 2020, the Company has acceded to a EUR 4,999,423.74 grant agreement between, amongst others, the Innovation and Networks Executive Agency ("**INEA**") as agency and commissariat a l'energie atomique et aux energies alternatives as coordinator ("**CEA**"). Furthermore, on 27 March 2018 the Company has acceded to a EUR 7,996,793.25 grant agreement between, amongst others, INEA as agency and fundacion circe de investigacion de recursos y consumes energeticos as coordinator ("**CIRCE**").

In connection with the creation of the Swedish holding company, and thus the Group, on 4 October 2018, a long-term loan agreement was entered into with Absolicon Solar Collector AB ("**Absolicon**"). The major shareholder, Board member and CEO in Absolicon, Joakim Byström, is also a major shareholder of Clean Industry Solutions. The loan amounted to approximately MSEK 1.8 with an interest of one percent per year and is due for payment on 4 October 2021. On 23 October 2018, Absolicon waived approximately MSEK 1 of the loan by providing a conditional shareholder's contribution of the corresponding amount to the Company. The Annual General Meeting on 5 June 2019 resolved to use approximately MSEK 1 of the Company's profits to repay the shareholder's contribution.

The shareholder's contribution has not been repaid as of the date of the Company Description. According to a supplementary agreement between the Company and Absolicon in April 2021, repayment of the loan and the shareholders' contribution, plus interest, shall be made within 60 days of the Company's next capital increase. Any outstanding amount thereafter runs at 2 percent interest monthly. Other than above, no agreements have been entered into that contain any right or obligation that is material for the Company, except for such agreements that have been entered into as part of the day-to-day business.

Intellectual property rights

The Company is not dependent on any intellectual property right to conduct their business and has no knowledge of any claims or allegations that the Company has infringed any intellectual property rights owned, held or used by third parties.

Disputes

Clean Industry Solutions has not been party to any legal proceedings or arbitration proceedings (including any unsettled cases or any cases that the Company knows may arise) during the past twelve months that have had, or could have, a material impact on the Company's financial position or profitability.

Transactions with related parties

Since 1 January 2018, the following transactions have been carried out between Clean Industry Solutions and related parties.

Loan agreement with Absolicon Solar Collector AB

For a description of the agreement, see the heading "*Material agreements*".

Carbon Free Industry UG

Christian Zahler and Tobias Schwind are founders and partners in Carbon Free Industry UG ("CFI") and each has a 33.33 percent holding in the company. CFI develops financing solutions for renewable energy projects mainly from Clean Industry Solutions' project management.

To avoid potential conflicts of interest, the board of directors of Clean Industry Solutions has a veto regarding all types of business agreements with CFI. The veto enables the board of directors of Clean Industry Solutions to control transactions with CFI and to refuse any agreement or transaction in the event of conflicts of interest related to Clean Industry Solutions' operations.

Consultancy agreement

Since 1 January 2020, the Company and Tobias Schwind have an ongoing consultancy agreement, whereunder Tobias provides support and advice to the Company in various areas, in addition to his duties as a Board member. The agreement is subject to a mutual notice period of four weeks. The remuneration paid to Tobias under the agreement during 2020 amounts to EUR 1,000.

Advisers

Amudova AB will act as Clean Industry Solutions' Certified Adviser. Törngren Magnell & Partners Advokatfirma KB are legal advisors to Clean Industry Solutions in connection with the Listing. Törngren Magnell & Partners Advokatfirma KB receives compensation on approved invoices for services rendered in connection with the Listing. Apart from what has been described above, Törngren Magnell & Partners Advokatfirma KB has no financial or other interests in connection with the Listing.

As all information in the Company Description derives from Clean Industry Solutions, Törngren Magnell & Partners Advokatfirma KB disclaim all responsibility in relation to the existing and future shareholders in the Company and regarding any other direct or indirect financial consequences as a result of an investment or other decisions that are wholly or partly based on information in the Company Description. Törngren Magnell & Partners Advokatfirma KB has performed a due diligence of Clean Industry Solutions in connection with the Listing.

Documents incorporated by reference

The documents below are incorporated by reference and constitute a part of the Company Description and shall be read as a part thereof.

- Clean Industry Solutions' annual report including audit report [2020].
- Clean Industry Solutions' annual report including audit report [2019].
- Clean Industry Solutions' interim report for the period 1 January – 31 March 2021.

The incorporated documents above and the Company's current and proposed articles of association are available at the Company's website, www.cleanindustrysolutions.com. The memorandum of association can be obtained from the Swedish Companies Registration Office (Sw. *Bolagsverket*).

Tax consideration in Sweden

Below is a summary of certain Swedish tax issues for the shareholders in the Company, and who are subject to unlimited tax liability in Sweden (unless otherwise stated). The summary is based on current legislation and is intended only to provide general information for the time that the shares are traded on Nasdaq First North Growth Market.

For example, the summary does not cover:

- circumstances when securities are held as inventories in an economic activity,
- the special rules that apply to so-called "qualified shares" in closely held companies,
- circumstances when securities are held by a limited partnership or a partnership,
- circumstances when securities are held in an investment saving account (Sw. *investeringssparkonto*) or endowment insurance (Sw. *kapitalförsäkring*),
- the special rules regarding tax-free capital gains (including non-deductible capital losses) and dividends that may be applicable when investors hold shares subject to the Swedish participation exemption rules (Sw. *näringsbetingade andelar*),
- foreign companies conducting business through a permanent establishment in Sweden, or
- foreign companies that have been Swedish companies.

Furthermore, special tax provisions apply to certain categories of companies, e.g., investment companies and insurance companies. The tax consequences for each individual shareholder depend on, amongst others, the shareholder's particular circumstances. Each shareholder is advised to consult an independent tax advisor as to the tax consequences relating to the shareholder's particular circumstances that could arise from the shareholdings, including the applicability and effect of foreign tax legislation and provisions in tax treaties.

General

Natural persons

For natural persons that are subject to unlimited tax liability in Sweden, tax is imposed on capital income, such as interest income, dividends and capital gains, in the capital income category. The tax rate for the capital income category is 30 percent.

The capital gain or the capital loss at disposal of shares and other securities is computed as the difference between the consideration, less selling expenses, and the acquisition value. The acquisition value for all shares of the same class and type shall be added together and computed collectively in accordance with the so-called average method (Sw. *genomsnittsmetoden*). The so-called standard method (Sw. *schablonmetoden*) may be used at the disposal of shares in the Company. This method means that the acquisition value may be determined as 20 percent of the consideration less selling expenses.

Capital losses on shares and other listed securities in the Company (for example subscription rights and BTA (paid and subscribed shares)) may be fully deducted against taxable capital gains realized in the same year on shares, as well as other listed securities (however not listed shares in mutual funds or investment funds that contains Swedish receivables only (Sw. *räntefonder*)). 70 percent of capital losses not absorbed by the presented set-off rules are deductible in the capital income category.

If there is a net loss in the capital income category, a reduction is granted of the tax on income from employment and business operations, as well as national and municipal property tax. This tax reduction is 30 percent of the net loss that does not exceed SEK 100,000 and 21 percent of any remaining net loss. A net loss cannot be carried forward to future tax years. The computation is also affected if an investor deduction (Sw. *investeraravdrag*) has been made during the year.

For natural persons and estates after deceased individuals that are subject to unlimited tax liability in Sweden, a preliminary tax of 30 percent is withheld on dividends. The preliminary tax is normally withheld by Euroclear Sweden or, regarding nominee-registered shares, by the trustee.

Limited liability companies

For limited liability companies (Sw. *aktiebolag*) all income, including taxable capital gains and taxable dividends, is taxed as income from business operations at a rate of 21.4 percent (20.6 percent as for

the financial year that commenced 1 January 2021). Capital gains and capital losses are computed in the same way as described for natural persons above.

Deductible capital losses on shares and securities may only offset taxable capital gains on shares and other securities that are taxed in the same manner as shares. If a capital loss cannot be deducted by the company that has suffered the loss, it may be deducted from taxable capital gains on shares and other securities at another company, provided that the requirements for group contributions (tax consolidation) are met. Capital losses on shares and other securities that could not have been utilized during a certain year, may be carried forward (by the limited liability company that has suffered the loss) and offset against taxable capital gains on shares and other securities in the following tax year without any limitation in time.

Shareholders and holders of securities with limited tax liability in Sweden

Dividends on shares in a Swedish limited liability company that are paid to shareholders who are subject to limited tax liability in Sweden are subject to withholding tax. The same applies to payments made by Swedish limited companies in connection with, among other things, the redemption of shares and repurchase of own shares through an offer directed to all shareholders or all holders of shares of a certain kind. The tax rate is 30 percent. The withholding tax rate is however in general reduced by double taxation agreements. The tax is normally withheld by Euroclear or, in the case of nominee-registered shares, the nominee. In cases where withholding tax has been held by 30 percent, even though the shareholder is entitled to a lower withholding tax rate, the shareholder can request a refund from the Swedish Tax Agency before the end of the fifth calendar year after the payment date of the dividends.

Shareholders with limited tax liability in Sweden – and who do not conduct business from a permanent establishment in Sweden – are normally not taxed in Sweden on capital gains on the sale of shares in Swedish companies. Shareholders as well as holders of other securities may however become subject to taxation in their residence state.

According to a special rule, natural persons who are subject to limited tax liability in Sweden are subject to capital gains taxation in Sweden upon disposal of shares in the Company, if the person at any time during the calendar year of disposal or the ten calendar years preceding the year of disposal has been resident or had a continuous stay (Sw. *stadigvarande vistats*) in Sweden. The applicability of these rules is in many cases limited by double taxation agreements.

Contact details

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Clean Industry Solutions

2021

Clean Industry Solutions Holding Europe AB,
Reg. No. 559110-3972