

Interim Report Q4/2020

Prepared by

Industrial Solar Holding Europe AB

www.industrial-solar.se

February 26th, 2021

WORLD
ECONOMIC
FORUM

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

David Attenborough
Broadcaster and naturalist

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Statement by the Board of Directors

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

Härnösand on February 26th, 2021, Board of Directors

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

1 Summary of the Q4 report

4th Quarter from 01.10.2020 to 31.12.2020 (01.01.2020 - 31.12.2020)

Results in Brief in TSEK	01.10.2020 31.12.2020	01.10.2019 31.12.2019	01.01.2020 31.12.2020	01.01.2019 31.12.2019
The company's sales amounted to	1.244	448	2.018	827
Increase in finished goods, inventories and work in progress	-1.289	0	-1.289	0
Own work in progress	317	0	317	0
Other operating income	1.744	1.822	3.527	2.015
Total Income	2.016	2.270	4.573	2.842
Cost of Material	-787	-223	-1.516	-715
Personnel costs	-4.253	-2.399	-11.778	-7.283
Other operating costs	-1.354	-934	-3.853	-3.560
Other operating expenses	-74	0	-80	-57
Depreciation	-236	-66	-730	-200
Total Costs	-6.704	-3.622	-17.957	-11.815
Earnings before interest and taxes EBIT	-4.688	-1.352	-13.384	-8.973
Financial income/expenses	-84	-357	-139	44
Loss after financial items	-4.772	-1.709	-13.523	-8.929
Number of Shares	12.188.792	7.596.495	12.188.792	7.596.495
Result per share amounted	-0,39	-0,225	-1,109	-1,175
Cash available end of period	20.352	9.116	20.352	9.116

Results in Brief

Results in Brief in TSEK	01.10.2020 31.12.2020	01.10.2019 31.12.2019	01.01.2020 31.12.2020	01.01.2019 31.12.2019
Operating Income	2.016	2.270	4.573	2.842
Operating Costs	- 6.704	- 3.622	- 17.957	- 11.815
Operating Result	- 4.688	- 1.352	- 13.384	- 8.973
Result of the Period	- 4.772	- 1.709	- 13.523	- 8.929

2 Note from the CEO

The rollercoaster ride continued in the last quarter of 2020. From an environmentalists macroscopic point of view the best news was that Joe Biden won the presidential election and announced that the US would rejoin the Paris agreement. Considering that the US accounts for about 15% of the world's greenhouse gas emissions, this is highly relevant for the fight against climate change.

The negative part was the development of the Covid-19 pandemic. After a short summer break, most countries were confronted with a second wave building up in autumn. The inevitable contact and travel restrictions affected both our private lives and business life. While the consumer business with photovoltaic and solar thermal system increased due to the so-called "cocooning effect" (consumers focusing on activities within their own homes), the B2B market for renewable energy solutions suffered seriously from the pandemic.

The acquisition of SolarSpring initiated a self-reflection and caused a repositioning and redefinition of ISHE AB, which resulted amongst other things in the decision to rename the holding. Therefore, we invited our shareholders to an extraordinary general meeting.

With the resolution from the EGM we will not only change the name to

Clean Industry Solutions Holding AB

but we will also move the seat of the company from Härnösand to Stockholm.

With the progress of Covid-19 vaccination campaigns and the waning of the pandemic crisis combined with the activities and funds to mitigate climate change, we expect an uptake of our international project business in the coming year.



Christian Zahler
CEO Industrial Solar Holding Europe AB



3 The Future of Process Heat

Recently, the International Energy Agency IRENA pointed out again that industry is the greatest laggard when it comes to energy transformation, with only 14% of final energy consumption being renewable. At the same time, the topic has never been addressed more, especially as it is often linked to hydrogen – the hottest energy topic of the last year. Yet, will hydrogen decarbonize process heating? It depends on the total demand, the costs and the space. When using *green* (renewable) hydrogen, the demand for renewable electricity as well as the required space for its production would more than double besides further increases due to the electrification of other sectors, mainly transportation. Cost-wise, even the hydrogen enthusiasts do not foresee a break even with current fuel prices for industrial heating in the next decade – not even under optimal conditions. Finally, early action for climate change mitigation is important. We need to act now.

There will not be a silver bullet for the decarbonization of process heating, and hydrogen will play a major role – especially in the hard to abate heavy industry. Yet, due to its high specific cost and space requirements for renewable electricity production, it is not the optimal choice for many sectors.

Other options like solar process heating, heat pumps or waste heat recovery are already commercially available and proven in industry. In many sectors they allow much faster decarbonization which often can be completed with renewable fuels, such as hydrogen, in the mid-term. Especially solar process heating is technically proven, it allows to cover temperatures of up to 400°C, and requires only a fraction of the space per unit of energy compared to *green* hydrogen. Thus, a smart future process heat supply builds on the available solutions today and complements with renewable fuels in the future.

Yet, solar thermal and hydrogen are not only partners in satisfying process heat demand but also in hydrogen generation. Increasing temperature of the electrolysis process also increases the commercial efficiency since heat can be provided cheaper, for example by concentrating solar thermal collectors.

Decarbonization of industrial process heat remains as challenging as exiting, and the need for tailor-made and holistic approaches is apparent. With its long track record in solar thermal process heating and its portfolio approach, Industrial Solar will shape a decarbonized process heat supply.

4 Main Activities and News in Q4

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

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

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

Within the project "Ammonium MD", the Freiburg-based company SolarSpring GmbH developed a novel membrane distillation pilot system for Forchheim's municipal wastewater treatment which was commissioned on site. The main goal of the project is the development and investigation of a novel, energy efficient membrane contactor process for the removal of ammonia from municipal and industrial wastewater treatment plants with anaerobic digestors. The system runs on waste heat in order to minimize CO₂ emissions and is based on membrane distillation technology. An important part of the project, besides the technical evaluation, is the holistic ecological and economic analysis of the process in comparison with the state of the art in order to quantify the potential reduction of environmental impacts.

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

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

Notice of Extra Shareholders Meeting

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

SolarSpring sells MD Lab to Khalifa University, Abu Dhabi



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

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

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

Public funding for technology to reduce salt load in wastewater

SolarSpring GmbH, K-UTEC AG, K+S Group, LMBV and Fraunhofer IKTS join efforts in the project HaSiMem for the recovery of salt and water from stockpile leachate through a combined membrane distillation-crystallization process. The project is funded by the German Federal Ministry of Education and Research (BMBF), and SolarSpring will be supported with a total grant amount of € 233,254.

The start of the three-year project funded by the German government was on February 1st, 2021. Solar Spring GmbH, together with K-UTEC AG, K+S Group, LMBV (Lausitzer und Mitteldeutsche Bergbauverwaltungs-gesellschaft mbH) and Fraunhofer IKTS, will implement, in a first phase, a small pilot plant. If this assessment is positive at the end of the project, the next step in the exploitation of results will be the design, construction, and operation of a demonstration plant with an average hourly water evaporation rate of at least 1000 l/h.

The pilot programme will be implemented at various company sites of the K+S Group and the LMBV, with the expected benefit being the reduction of salt in wastewater and the possibility to produce marketable salts.

The project is of model character and can be applied to other chemical industry sites which produce wastewater containing sodium chloride.

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



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

As the world leader in luxury whose businesses depend directly on nature, LVMH is on the front lines of the combat against climate change and has special responsibility to deliver exemplary performance in mitigating the impact of its activities on the

environment. With the topic of "HOW DOES LVMH FIGHT CLIMATE CHANGE?", the company group decided now, exactly 5 years after the signature of the Paris Agreement, to hold a specific week on climatechange:

"The week-long online event invites the Group's 160,000 employees to share the priorities of the new LIFE 360 (LVMH Initiatives For the Environment) program, setting an ambitious environmental roadmap for the coming 3, 6 and 10 years. The event encourages all LVMH teams to join the effort around the rallying cry "Be The Change!". With the event, the group lays the roadmap for its new climate targets, among others, to reach 100% renewable energy in all Group sites and eliminate the use of packages based on fossil virgin plastics.

Industrial Solar participated with its Fresnel solar steam generator that was honoured as one of the 1000 solutions by the Solar Impulse Foundation. The system can provide a clean energy source for the industries that are part of the LVMH group, such as textile and beverage companies. The technology generates steam onsite by using the available solar resources and can cut a large share of the fuel consumption and associated carbon emissions.

Adjournment of Extra Shareholders' Meeting

Industrial Solar Holding Europe AB held an extra general meeting on December 18th, 2020. The extra general meeting decided to adjourn the extra general meeting to a new date during the Q1 2021. The reason for this was that several further topics for the agenda of the extra general meeting occurred during the last days.

Notice to attend the extra general meeting in Q1 2021 will be disclosed accordingly with the Swedish Company Act.

Sales

Due to our portfolio diversification we offer our clients more comprehensive solutions, apart from our core product the Fresnel collector. This approach meets the market demand and is confirmed especially for larger companies with diverse requirements and constraints.



Sales Synergies between Industrial Solar and SolarSpring

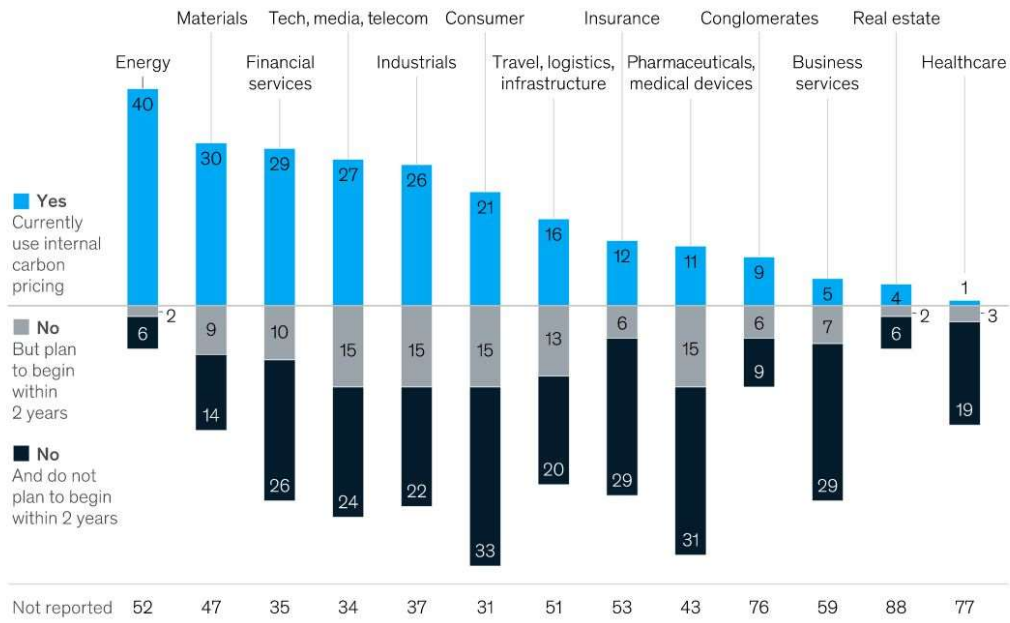
The joint approach of Industrial Solar and Solar Spring has started and the complementary services and solutions have been offered to potential end-users. Especially in the metal industry, with great demands for both energy and water treatment, the market feedback was positive.

The continuous trend of multinational decarbonization

To accelerate their decarbonization multinationals increasingly implement internal carbon pricing schemes. As highlighted recently by McKinsey¹ more and more companies apply this approach with internal carbon prices of up to 100 US\$. Already today this boosts the feasibility of renewable energy projects in industry, as offered by Industrial Solar. Yet, as outlined by McKinsey the assumed internal prices still mostly do not fully cover the associated externalities. Accordingly, also the internal carbon prices are expected to increase, enhancing the solutions for clean industrial energy supply even further.

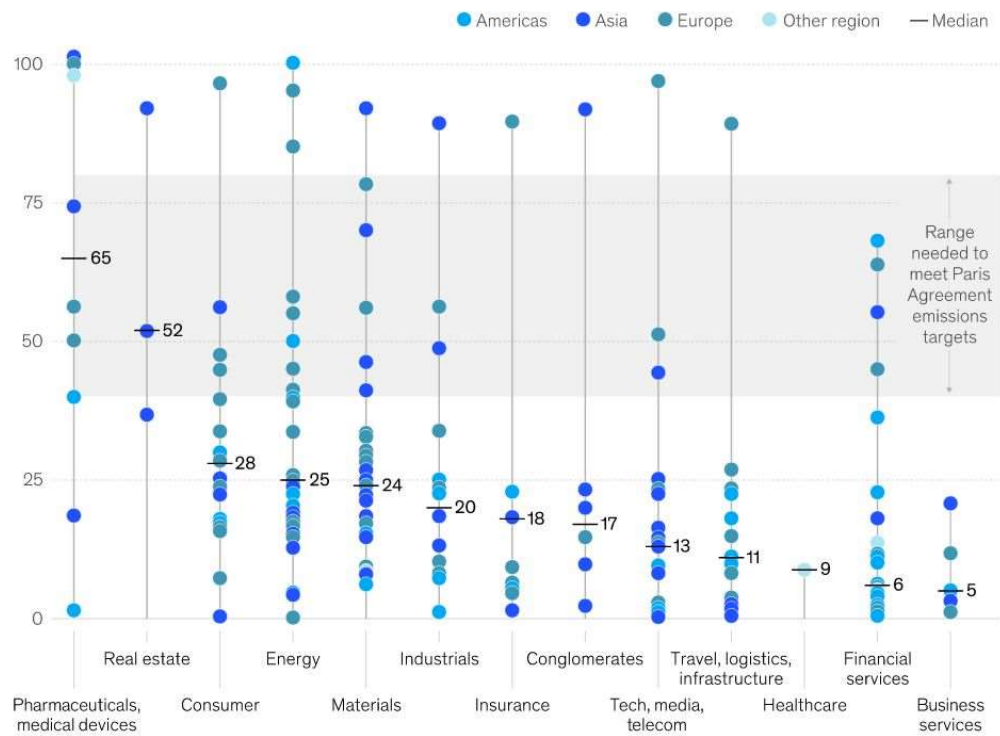
¹ McKinsey „The state of internal carbon pricing; source: <https://www.mckinsey.com/business-functions/strategy-and-corporate-finance/our-insights/the-state-of-internal-carbon-pricing>

Use of carbon pricing by industry sector,¹ %



¹Determined by a sampling of the top 100 companies ranked by 2019 revenue.
Source: Responses from 2,600 companies reporting to the Carbon Disclosure Project (2019)

Distribution of internal carbon prices in 2019, \$



Source: Responses from 2,600 companies reporting to the Carbon Disclosure Project (2019)

5 Outlook, Risk and Uncertainties

Projects

For Industrial Solar the three Horizon 2020 projects Ship2Fair, Friendship and Innowwide and the national funded project SunBeltChiller with a total funding volume of about 2.3 m€ are a strong support in the next three years. A further proposal for a R&D project on national level with a total funding volume of about 230 k€ that has been submitted in 2019 has been evaluated positively and is likely to be granted this year.

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

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

Risk and Uncertainties

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

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

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

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

Comments to the Financials

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

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

Consolidated Income Statement

Amounts in TSEK	Q4 (01.10.-31.12.)		FY (01.01.-31.12.)	
	2020	2019	2020	2019
Operating income				
Sales	1.244	448	2.018	827
Increase in finished good, inventories and work in progress	-1.289		-1.289	0
Own work capitalized	317		317	
Other operating income	1.744	1.822	3.527	2.015
Total	2.016	2.270	4.573	2.842
Cost of materials	-787	-223	-1.516	-715
Personnel costs	-4.253	-2.399	-11.778	-7.283
Other external expenses	-1.354	-934	-3.853	-3.560
Other operating expenses	-74	0	-80	-57
Depreciation	-236	-66	-730	-200
Total	-6.704	-3.622	-17.957	-11.815
Earnings Before Interests and Taxes (EBIT)	-4.688	-1.352	-13.384	-8.973
Financial income	0	0	40	415
Financial expenses	-84	-357	-179	-371
Financial profit (+) / loss (-)	-84	-357	-139	44
Loss after financial items	-4.772	-1.709	-13.523	-8.929
Taxes	0	0	0	0
Loss for the year	-4.772	-1.709	-13.523	-8.929

Consolidated Balance Sheet

Amounts in TSEK	31.12.2020	31.12.2019	Amounts in TSEK	31.12.2020	31.12.2019
Assets			Equity		
Non-current assets			Share capital	1.199	748
Intangible assets			Unregistered share capital	0	0
Goodwill	1.341	0	Total	1.199	748
Intangible fixed assets	232	2	Accumulated profit or loss	-11.369	-2.278
Total	1.573	2	Share premium account	43.321	14.596
Machinery and equipment			Translation losses on consolidation	-34	0
Machinery	1.368	181	Loss for the period	-13.523	-8.929
Equipment	1.050	190	Total	18.395	3.389
Total	2.418	371	Total equity	19.594	4.137
Total non-current assets	3.991	373	Liabilities		
Current assets			Current liabilities		
Inventories			Liabilities to credit institutions	584	0
Finished good and merchandise	387	16	Accounts payables	676	103
Advance payments to suppliers	90	0	Payments received	770	743
Total	477	16	Other short term liabilities	3.108	3.352
Current receivables			Accrued expenses & defer. income	6.581	3.665
Accounts receivable	909	127	Total Liabilities	11.719	7.863
Accrued non-invoiced revenue	1.297	1.260	TOTAL EQUITY AND LIABILITIES	31.313	12.000
Other short-term receivables	487	760			
Prepaid expenses & accr. income	3.800	348			
Total	6.493	2.495			
Cash and cash equivalents					
Cash and cash equivalents	20.352	9.116			
Total	20.352	9.116			
Total current assets	27.322	11.627			
TOTAL ASSETS	31.313	12.000			

Consolidated Cash-Flow-Statement

Amounts in TSEK	Q4 (01.10.-31.12.)		FY (01.01.-31.12.)	
	2020	2019	2020	2019
Operating activities				
Profit/loss after financial items	-4.772	-1.709	-13.523	-8.929
Adjustments for items not included in cash flow	323	-191	366	-38
Cash flow from operating activities before change in working capital	-4.449	-1.900	-13.157	-8.967
Cash flow from change in working capital				
Change in inventories	-198	0	-184	0
Change in operating receivables	120	-580	826	-550
Change in operating liabilities	97	3.728	3.857	4.348
Cash flow from continuing operations before changes in working capital	19	3.148	4.499	3.798
Chash flow from operating activities	-4.430	1.248	-8.658	-5.169
Investing activities				
Investments in tangible fixed assets	-144	0	-458	-231
Acquisition of financial assets	0	0	-2.721	0
Disposal of intangible assets	0	0	0	0
Cash flow from investing activities	-144	0	-3.179	-231
Financing activities				
New share issue in progress	0	0	24.681	0
Issue expenses	0	-74	-1.608	-138
Cash flow from financing activities	0	-74	23.073	-138
Cash flow for the year	-4.574	1.174	11.236	-5.538
Cash and cash equivalents begin of period	24.926	7.942	9.116	14.654
Cash and equivalents end of period	20.352	9.116	20.352	9.116

Parent Company Income Statement

Amounts in TSEK	Q4 (01.10.-31.12.)		FY (01.01.-31.12.)	
	2020	2019	2020	2019
Operating Income				
Sales	0	0	0	0
Other operating income	3	0	3	22
Total	3	0	3	22
Operating Expenses				
Personnel costs	-338	-99	-417	-277
Other external expenses	-698	-165	-1.614	-690
Other operating expenses	-74	0	-80	-57
Depreciation	0	0	0	0
Total	-1.110	-264	-2.111	-1.024
Earnings Before Interest and Taxes (EBIT)	-1.107	-264	-2.108	-1.002
Profit from financial items				
Profit/loss from other securities and receivables accounted for as non-current assets				104
Financial income	7	13	7	439
Financial expenses	-54	-356	-91	-370
	-47	-343	-84	173
Loss after financial items	-1.154	-607	-2.192	-829
Profit before tax	-1.154	-607	-2.192	-829
Tax on profit for the year	0	0	0	0
This year's result	-1.154	-607	-2.192	-829

Parent Company Balance Sheet

Amounts in TSEK	31.12.		Amounts in TSEK	31.12.	
ASSETS	2020	2019	EQUITY AND LIABILITIES	2020	2019
Fixed Assets			Equity		
Financial assets			Non-distributable equity		
Shares in Group companies	20.888	15.452	Share capital	1.199	748
Due from Group companies	0	0	Unregistered share capital	0	0
Total fixed assets	20.888	15.452	Total	1.199	748
Current assets			Distributable equity		
Other short-term receivables	80	234	Accumulated profit or loss	-1.273	-444
Receivables from group companies	1.011		Share premium account	43.322	14.596
Prepaid expenses & accr. income	3.676	446	Shareholders contribution recieved	0	0
Total	4.767	680	Loss for the period	-2.192	-829
			Total	39.857	13.323
Cash and cash equivalents					
Cash and cash equivalents	18.195	1.385	Total equity	41.056	14.071
Total	18.195	1.385			
Total current assets	22.962	2.065	Current liabilities		
TOTAL ASSETS	43.850	17.517	Accounts payable	62	136
			Other short term liabilities	1.954	2.852
			Accrued expenses & defer. income	778	458
			Total	2.794	3.446
			TOTAL EQUITY AND LIABILITIES	43.850	17.517

Parent Company Cash-Flow Statement

Amounts in TSEK	Q4 (01.10.-31.12.)		FY (01.01.-31.12.)	
	2020	2019	2020	2019
Operating activities				
Profit/loss after financial items	-1.154	-606	-2.192	-829
Adjustments for items not included in cash flow		311		311
Income tax paid				0
Cash flow from operating activities before change in working capital	-1.154	-295	-2.192	-518
Cash flow from change in working capital				
Change in operating receivables	5	-356	-232	-584
Change in operating liabilities	61	291	-609	1.275
Cash flow from continuing operations before changes in working capital	66	-65	-841	691
Chash flow from operating activities	-1.088	-360	-3.033	173
Investing activities				
Acquisition of financial assets	-509	0	-3.230	-9.847
Disposal of intangible assets	0	0	0	0
Cash flow from investing activities	-509	0	-3.230	-9.847
Financing activities				
New share issue	0	0	24.681	445
Issue expenses	0	-74	-1608	-138
Shareholde's contribution repayed	0	0		-1.034
Cash flow from financing activities	0	-74	23.073	-727
Cash flow for the year	-1.597	-434	16.810	-10.401
Cash and cash equivalents at the beging of the peri	19.792	1.819	1.385	11.786
Cash and equivalents at end of the period	18.195	1.385	18.195	1.385

7 News after the Reporting Period

Notice of Extraordinary General Meeting

Shareholders of Industrial Solar Holding Europe AB were invited to an extraordinary general meeting on Monday February 22, 2021.

To counteract the spread of the coronavirus, the board has decided that the shareholders may only exercise their voting rights at the extraordinary general meeting by voting in advance, so called postal voting, in accordance with section 22 of the Act (2020:198) on temporary exceptions to facilitate the execution of general meetings in companies and other associations. The extraordinary general meeting will be held without physical presence of shareholders, proxies and/or external parties.

The purpose of the meeting is the change of the company from Industrial Solar Holding Europe AB to Clean Industry Solutions Holding AB, and the movement of the registered office of the board of the directors from Härnösand to Stockholm.

Industrial Solar investigates conditions for moving to First North Growth Market

The Board of Directors of Industrial Solar Holding Europe AB (publ) has decided to investigate the conditions for a list change from Spotlight Stock Market to Nasdaq First North Growth Market. The company's ambition is to apply for listing on the Nasdaq First North Growth Market during Q1 or Q2, 2021.

Originally, Industrial Solar Holding Europe AB merely held Industrial Solar GmbH in Freiburg/Germany. Over the last years, Industrial Solar GmbH developed from a manufacturer of Fresnel collectors to an engineering company and a provider of tailor-made solutions based on a broad portfolio of solar and complementary technologies. In Q1 of 2020, the holding acquired another German company: SolarSpring GmbH, a pioneer in the field of membrane distillation offering an innovative waste- and drinking water treatment technology.

With the acquisition, however, the holding's name no longer matches the business model, and thus, the Board of Industrial Solar Holding Europe AB has invited the shareholders to an extraordinary general meeting on February 22nd, 2021 to adopt the proposition to change the name to Clean Industry Solutions Holding AB.

Both Industrial Solar and SolarSpring operate internationally; their solutions and technologies can be found amongst other places in Jordan, USA, Africa, and South America. Thus, the Board of Industrial Solar Holding Europe AB agreed on an investigation of a list change to make the acquisition of shares easier for their German and international investors outside of Sweden. A listing on Nasdaq First North Growth Market is also expected to create better conditions for increased liquidity in the share.

New business strategy starts to pay off

Industrial Solar GmbH is a turnkey provider from Freiburg/Germany that initially focused mainly on solutions based on its LF-11 Fresnel Collector – a linear concentrating, solar thermal collector optimized for industrial applications that can provide heat at up to 400°C in the single and lower double-digit megawatt range. Over the last years, the company included more services and technologies in its portfolio in order to meet the various demands of its customers in industry and to be able to offer solutions also to the national market and to regions with lower direct solar irradiation.

Of special relevance is the development of sector-coupling or power-to-heat-coupling systems for industrial customers. The integration of photovoltaic systems into solar thermal systems by means of heat pumps or resistance heating enhances economics, optimizes the usage of ground and rooftop area and increases the flexibility and reliability of renewable energy solutions.

With the advent of COVID-19 and the associated restrictions, international project business has come to almost a halt for many companies, so also for Industrial Solar whose plants are mainly implemented outside Europe in countries with a high direct solar irradiance like Jordan and South Africa. Despite the restrictions to conduct international business, the adapted portfolio allows Industrial Solar to operate on a national level. Two new sales representatives were hired in November 2020 to address the national market.

This action already shows first positive results: Industrial Solar GmbH has just signed its first order of about € 35,000 for the installation of a PV system close to its head office. Further steps to expand the national business are already being taken, one of them being the upcoming smart heat grid market, for which Industrial Solar has an excellent expertise and is well positioned.

With the progress of Covid-19 vaccination campaigns and the waning of the pandemic crisis combined with the activities and funds to mitigate climate change, we expect an uptake of our international project business within this year.

Notice from extraordinary general meeting in Industrial Solar Holding Europe AB

Decision on name change and change of Articles of Association

Given the continued Covid-19 pandemic, the extraordinary general meeting was held according to a so-called postal voting procedure, in accordance with section 22 of the Act (2020:198) on temporary exceptions to facilitate the execution of general meetings in companies and other associations. Shareholder participated in the extraordinary general meeting by voting in advance.

As a result of Industrial Solar Holding Europe AB's acquisition of SolarSpring GmbH in 2020, the company's name no longer corresponds with the company's business model. The EGM therefore decided that the new name should be Clean Industry Solutions Holding AB. The name change will be carried out after it has been registered by the Swedish Companies Registration Office.

The EGM also decided to change the company's registered office from Härnösand municipality to Stockholm municipality.

The EGM decided that the Articles of Association should be amended accordingly. A separate press release with more information about the name change will be published after the registration.

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

One of SolarSpring's key competences is membrane distillation module production and over the last years, SolarSpring has profited from its in-house manufacturing facility. The modules are the heart of the company's innovative wastewater treatment systems. Flexibility in production was crucial when adapting the technology to new applications and customer needs.

However, the next step in enhancing commercial viability is transitioning to a higher volume series production. Therefore, a new manufacturing module development program was initiated in Q4 of 2020. As cost reductions in manufacturing are the key to a successful market entry and increasing profitability, the new development program aims at cutting production costs by up to 80 % by substituting metal components by polymer ones and thereby eliminating the most expensive elements altogether. A new sealing concept and smart manufacturing method is expected to bring down the component costs while boosting flexibility and easing parts exchange. The simplified assembly and testing also enable quicker manufacturing times and improve quality assurance. Prototypes of the new membrane distillation modules are expected to be ready for initial testing towards the end of Q1 2021 and market available in the second half of 2021.

8 Statement from the Board and Management

The Board of Directors and the Executive Board have today considered and approved the Quarterly Report of Industrial Solar Holding Europe AB for the period from 01/10/2020 – 31/12/2020. The quarterly report is presented in accordance with the Swedish K3 accounting standards. In our opinion, the financial statements give a true and fair view of the entity's financial position and of the results of its operations and cash flows at 31/12/2020.

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

The next reporting dates in 2021 are:

1 st Quarterly report	21/05/2021
2 nd Quarterly report	27/08/2021
3 rd Quarterly report	26/11/2021
4 th Quarterly report	25/02/2022
Annual report 2020	30/04/2021
Annual general meeting	10/06/2021



Olle Olssen
Chairman
Board Member



Christian Zahler
CEO and
Board Member



Tobias Schwind
Board Member



Joao Gomes
Board Member



Daniel Pfeifle
Board Member



Markus Augustsson
Board Member

9 Statement from the Auditor

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Granskingsrapport

Till styrelsen i Industrial Solar Holding Europe AB (publ)

Org. nr 559110-3972

Inledning

Vi har utfört en översiktlig granskning av den bifogade finansiella delårsinformationen (delårsrapporten) för Industrial Solar Holding Europe AB (publ) per den 31 december 2020 och den tolv månadersperiod som slutade per detta datum. Det är styrelsen och verkställande direktören som har ansvaret för att upprätta och presentera denna finansiella delårsinformation (delårsrapport) i enlighet med årsredovisningslagen. Vårt ansvar är att uttala en slutsats om denna finansiella delårsinformation (delårsrapport) grundad på vår översiktliga granskning.

Den översiktliga granskningens inriktning och omfattning

Vi har utfört vår översiktliga granskning i enlighet med International Standard on Review Engagements ISRE 2410 *Översiktlig granskning av finansiell delårsinformation utförd av företagets valda revisor*. En översiktlig granskning består av att göra förfrågningar, i första hand till personer som är ansvariga för finansiella frågor och redovisningsfrågor, att utföra analytisk granskning och att vidta andra översiktliga granskningsåtgärder. En översiktlig granskning har en annan inriktning och en betydligt mindre omfattning jämfört med den inriktning och omfattning som en revision enligt ISA och god revisionssed i övrigt har. De granskningsåtgärder som vidtas vid en översiktlig granskning gör det inte möjligt för oss att skaffa oss en sådan säkerhet att vi blir medvetna om alla viktiga omständigheter som skulle kunna ha blivit identifierade om en revision utförts. Den uttalade slutsatsen grundad på en översiktlig granskning har därför inte den säkerhet som en uttalad slutsats grundad på en revision har.

Slutsats

Grundat på vår översiktliga granskning har det inte kommit fram några omständigheter som ger oss anledning att anse att den bifogade finansiella delårsinformationen (delårsrapporten) inte, i allt väsentligt, är upprättad i enlighet med årsredovisningslagen.

Härnäsand den 25 februari 2021

KPMG AB

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Lars Skoglund
Auktoriserad revisor

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Translation from the Swedish original

Review report

To the Board of Directors of Industrial Solar Holding Europe AB (publ.)

Corp. id. 559110-3972

Introduction

We have reviewed the attached financial information report (interim report) of Industrial Solar Holding Europe AB (publ.) as of 31 December 2020 and the twelve-month period then ended. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this financial information report (interim report) in accordance with the Annual Accounts Act. Our responsibility is to express a conclusion on this financial information report (interim report) based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements ISRE 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing practices and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the attached financial information report (interim report) is not prepared, in all material respects, accordance with the Annual Accounts Act.

Härnösand 25 February 2021

KPMG AB

DocuSigned by:
A stylized signature of Lars Skoglund in black ink.
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Lars Skoglund

Authorized Public Accountant

10 Contact

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