

The board of directors and the CEO of

# **Josab Water Solutions AB (publ)**

Swedish corporate identity number 556549-1114

hereby submits its

## **Annual Report and consolidated financial statements**

for the Financial year Jan 1, 2020 – Dec 31, 2020

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## The CEO has the floor

Another year has come to an end with special times, both for companies and individuals, due to the Covid 19 pandemic that still affects us all.

My time as CEO began at fairly short notice and soon after that we got a largely new board in the company at the AGM. We have created a more structured work in the board with clearer guidelines, and a more dynamic and strategic thinking about the company's situation and future.

The pandemic has made it difficult to travel and meet new and existing customers, process new markets, which we are used to. We have instead used other methods for meetings, online, and thus been able to work with routines and strategies within different parts of the company group. Personal meetings can to some extent be replaced, but not fully in the entire sales process, which has created some delays in ongoing discussions with potential customers.

Strategically, we have worked to broaden the company's offering within the existing operations, but also in other environmental areas such as air purification. We have also received some orders for Aqualite™ both for projects in different types of water purification, not necessarily drinking water, but also from other areas that use zeolites in any application, such as in the agricultural sector, rain and leachate projects and industrial wastewater. We continue with this work, which often has shorter decision paths and thus faster closing and cash flow.

This investment includes the investment in a machine that can make so-called micronized Aqualite™, in Hungary, which gives very small fractions for special purposes, down to 10 microns. Areas of use are identified and of interest are the construction, plastics, chemical and wine industries, and tests of this material are ongoing.

In Hungary, we have registered a new JV company in which Josab owns 51%, and our partner EUROTRADE Kft. the remaining 49%. The goal is to create a product company with a focus on the environment, and a sales organization, initially for water purification units and air purification units. New products with an environmental profile may be relevant in this company. Start-up will take place in the Hungarian market and other neighboring countries, mainly in Eastern Europe initially.

The expansion in air purification is based on a distribution agreement with LightAir AB, listed on the Swedish stock exchange. The products with unique properties for particle purification in homes, offices and in industrial environments fit well into our environmental profile. We have received the first delivery of products to Hungary and we see great potential for these products through our own sales and collaborations.

In China, we have delivered the first order Aqualite™ to our partly owned JV in Beijing, which will be used mainly in water treatment units, which will be built in China.

During the year, we signed a cooperation agreement with the water authority in Burkina Faso, ONEA, and through this became an approved partner in the water treatment area in the country. The country has a large mining industry, which often creates water problems in neighboring villages, which we have worked with an agent. We see great potential to be able to help via our portable treatment units in this area.

During the year, Africa has become an increasingly interesting country for Josab, with a number of agents starting to get closer to business in several of the countries. We look with confidence at the development of this and to be able to help with the enormous problems that exist on this continent in terms of water purification, not least regarding drinking water for the people.

Overall, 2020 has been a strenuous year, but I think Josab is on the right track today, strategies exist, new partners, new product areas, new markets open up for our products. Some orders have also landed in new business areas, in different countries and on different continents, which means that we end 2020 in a positive spirit and enter the new year with a continued positive attitude.

The pandemic is ongoing, health is on everyone's lips, and we continue to work within Josab with products and a focus that is organic, sustainable and climate smart. This is our guiding light even when we try to expand to other areas, other products as we believe that this is what will be in demand in the future in an increasing part of the world.

## Report of the board of directors

The board of directors and the CEO of Josab Water Solutions AB (publ.), having its seat in Stockholm, hereby submit the annual report and consolidated financial statements for the financial year 2020.

The annual report is prepared in thousand Swedish krona, SEK k.

## About Josab Water Solutions AB

Josab Water Solutions AB is an innovative company specialized in water purification systems mostly based on its own filter material Aqualite™. The company, formed in 1999, has today three wholly owned subsidiaries, Josab Hungary Kft, Josab India Pvt Ltd. as well as JOSINT Financial Services AB. The former subsidiary Josab (Beijing) Ecological Water Treatment Systems Co is today 49% owned after conversion and through a partnership with two other shareholders. The company sells ecological water purification systems with wholly unique characteristics as regards the purification and filtration of heavy metals, organic material and bacteria. The technology is based on the company's own unique Aqualite™, which is the commercial name for the naturally occurring mineral Zeolite – Clinoptilolit, won from the company's own mine, the Ratka Mines, in Hungary.

Aqualite™ makes up the filter mass used in water purification process and Aqualite™, together with a special UV light, allows production of safe and bacteria-free water without the addition of any chemicals.

Aqualite™ has characteristics that allow for effective reduction of particles and heavy metals, adsorption of chemicals and petrochemical products as well as reduction of bacteria, parasites and fungi. Aqualite™ has a long working life and is resistant to mechanical wear and tear. Aqualite™ can filter off particles with a size of down to 3-5 micron, to be compared with the 25-50 micron for traditional sand and carbon filters.

Since 2006, Josab Water Solutions owns, by way of its wholly owned subsidiary in Hungary, the mining deposit Ratka Mines in Hungary. The area where the mine is located has been a so-called historic site since 15 February 2012. The World Heritage Management Plan published by the Hungarian government, which also affects our mining area, has stipulated those existing activities may continue to be conducted provided that the capacity is less than 500 tons / day, and that no new mining rights will be granted that exploit very valuable land in the area.

The water purification systems are installed mainly in containers, or built up in situ, and are supplied in different types with capacities from 5 m<sup>3</sup> up to 3,000 m<sup>3</sup> per day and which, if more capacity is needed, also can be joined in parallels. It is a "plug and play" solution that is finished at the plant and thereby can be commissioned on the day of the arrival at a suitable water source. The technical solution is thus unique, ecological, mobile, and possible to scale up and down as well as energy efficient.

Josab Water Solutions AB is listed on the Swedish Spotlight Stock Market.

## Net sales and result

Net sales during the year amounted to SEK 2 521 (2 765) k for the group and SEK 1 799 (1 312) k for the parent company. Net loss for the year was SEK 13 285 (24 386) k, of which SEK 8 357 (23 600) k for the parent company. Of the parent company's revenues refer to SEK 625 (1,060) k group invoicing, which has been eliminated group-wise, as well as material invoicing to the JV company in China. Other additional sales within the Group mainly relate to material sales in Hungary.

Other operating income pertains to EU support for the production facility and a research project in Hungary, as well as government support for short-term layoffs.

## Shareholding

The shares in the company are owned by 6,521 (7,712) shareholders and are traded at the Swedish Spotlight Stock Market. The company is registered at Euroclear and registered with the Swedish Companies Registration Office as a public company.

**Ownership structure as of December 31, 2020**

<i> Holding, shares</i>	<i> Total shares</i>	<i> Shares % of</i>	<i> Number of owners</i>	<i> Owners in %</i>
1 - 500	431,010	0,52	2 143	32,9
501 – 1,000	728,327	0,86	895	13,7
1,001 – 5,000	4,950,998	5,87	1 928	29,6
5,001 – 10,000	5,269,812	6,25	684	10,5
10,001 – 15,000	2,843,639	3,37	229	3,5
15,001 – 20,000	2,521,156	2,99	143	2,2
20,001 -	67,577,687	80,14	499	7,6
<b>Total</b>	<b>84,322,629</b>	<b>100</b>	<b>6,521</b>	<b>100</b>

**The ten largest shareholders as of December 31, 2020**

<i> Name</i>	<i> Total shares</i>	<i> Shares in %</i>
Försäkringsbolaget Avanza Pension	8,648,209	10,25
VIMAB Holding AB	7,789,310	9,24
HSBC Bank PLC	4,559,893	5,40
Nordnet Pensionsförsäkring AB	3,155,378	3,74
Andrej Setina	1,863,330	2,21
Coeli Wealth Management AB	1,692,800	2,01
Iraj Arastoupour	1,050,000	1,25
Stefan Östlundh	1,008,619	1,20
Swedbank Försäkring	932,998	1,11
Marcus Jacobs	906,007	1,07
<b>Total</b>	<b>42,177,323</b>	<b>37,48</b>

**Historical data of the share capital in the company**

<i> Year</i>	<i> Share capital (SEK) December 31</i>	<i> Changes</i>
1999-2002	100,000	
2003	640,000	New share issue
2004	960,000	New share issue
2005	1,158,500	New share issue
2006	1,900,400	New share issue, redemption of convertibles
2007	1,900,400	
2008	2,049,800	New share issue
2009	2,049,800	
2010	7,085,400	New share issue, redemption of convertibles
2011	7,085,400	
2012	2,535,318	New share issue, reverse split, reduction of sc
2013	2,945,318	New share issue
2014	4,788,898	New share issue, redemption of share warrants
2015	4,878,898	New share issue, redemption of share warrants
2016	5,684,443	New share issue, redemption of share warrants
2017	6,717,978	New share issue
2019	7,632,263	New share issue, redemption of share warrants
2020	8,432,263	New share issue, redemption of share warrants

**Insiders of the Company  
with participation**

Name	Number of shares	
	<u>2020</u>	<u>2019</u>
Roland Johansson	7,472	7,472
Klaus Kalb	100,000	0
Henry Koskela	270,000	270,000
Wilfrid Balmer	100,000	
Peter Fredell *	<u>7,789,310</u>	<u>6,639,310</u>
<b>Total</b>	<u>8,266,782</u>	<u>6,916,782</u>

\* As board member/CEO for Vimab Holding AB

**Significant events during the financial year**

The pandemic has of course affected all companies' operations during 2020, and we are of course no exception with our operations in a number of countries.

Josab appointed Henry Koskela as acting CEO, after Johan Gillgren left the company, from 1 May 2020.

At Josab's Annual General Meeting, 2 members, Henry Koskela and Cai Jianwen, were re-elected, while 4 members left the Board. 3 new members were elected, Klaus Kalb, also Chairman of the Board, Peter Fredell, CEO of Josab's single largest owner VIMAB Holding AB and Wilfrid Balmer, zeolite and materials expert and previously external CTO of Josab.

The conversion of Josab's Chinese subsidiary into a JV and obtaining a so-called Business License registered. The first sale of Aqualite™ based on the license agreement took place at the end of 2020, 60 tons, total price including license fee 120,000 Euro.

Josab carried out a directed issue to a group of investors of 8,000,000 shares, which provided Josab with SEK 12 million in cash, and reduced the company's liabilities by a total of SEK 4 million, without any significant issue costs.

After a set-off of SEK 2.3 million in the issue above, a convertible loan of SEK 6 million from VIMAB Holding AB has been extended with the remaining loan amount, SEK 3.7 million, until 30 June 2021, with improved interest terms, 9% (13%). The conversion price on the loan is SEK 2 per share. VIMAB Holding AB is Josab's single largest shareholder.

Josab Hungary has received a number of strategic orders in new material areas, including 8 tons of Aqualite™ for a treatment plant in the city of Szentés. The plant was built with EU funding, which meant that neither technology nor materials could be replaced in 5 years, with a competing zeolite in the purification process, which has now been opened up. Josab has identified around 60 facilities in Hungary with the same technology with an estimated 4,000 tons of competing materials. Due to the pandemic, most facilities have been closed for visits, but will be gradually processed now that the pandemic has eased. 6 tons of Aqualite™ were sold for a rainwater and leachate treatment project in a project within the Hungarian Ministry of Defense.

More than 100 tons were sold to a road project for winter roads as an exchange of salt in the fight against slipperiness, and 24 tons to the agricultural sector intended to improve the efficiency of the use of fertilizers and nutrients in production.

Josab has signed a distribution agreement with LightAir AB regarding products in air purification. The company has two technologies, IonFlow and CellFlow, both of which are included in the agreement. Both technologies are based on the ionization of particles in indoor air and the collection of the particles to create a better air quality and in the long run better health for people living in these environments. The products cover everything from households to large industrial and warehouse buildings. Initially, Josab started operations in the subsidiary in Hungary to later transfer operations to a new JV company. In addition to Hungary, the agreement covers the new Russian states and the former Yugoslavia.

Josab Hungary signed an LOI with a Hungarian partner, EUROTRADE Kft., to form a new company, build a sales organization and, by extension, its own production facility for environmental products based on grants and so-called soft loans from the Hungarian state, initially including Josab's water treatment plants and air purification operations. Other environmental products are planned to be added to the company's operations after negotiations with suitable partners.

Josab has signed a Term Sheet regarding a potential acquisition of 100% of the shares in Clear Industry Co. Ltd. The company is a holding company based in Hong Kong and has 3 subsidiaries in China, of which 2 are operating. Clear Industry primarily conducts operations in the design and implementation of process plants, EPC stores in the kitchen waste industry, "Kitchen Waste", and in the area of industrial wastewater, both in terms of hardware and software. Josab has carried out a financial and legal due diligence process, and the evaluation of this will provide the Board with a basis for decision-making.

Josab India has received an order for 15 water kiosks with an order value of approximately SEK 800,000, from the Government of Jammu & Kashmir, Srinagar Smart City. Delivery began in 2020, but severe winter weather and extended lock-downs due to the pandemic development have led to delays and the project is expected to be completed in the summer of 2021.

## **Significant events after the end of the financial year**

The new JV company in Hungary is registered. Josab owns 51%, and partner EUROTRADE Kft., The remaining 49%. Planning for the company's operations continues and operations regarding water purification units and air purification are expected to be transferred to the company during the autumn of 2021.

Josab Hungary received an order within Wastewater through a partner, Indufil Hungária Kft., where the end customer is MONO Ipolyfabrik Kft., which manufactures and finishes interior details for the automotive industry. The process of painting and varnishing creates large amounts of environmentally hazardous waste that generates large costs in handling for the company. Josab's solution will separate the hazardous waste through sedimentation and absorption and thereby reduce transport and handling costs for the customer. The order value for Josab's share of the project amounts to approximately SEK 1.4 million.

Josab Hungary has received an order for a water purification unit from Hummels Trade Kft., Which will be used for tests and demonstrations of Josab's Aqualite technology in Nigeria. The order value is approximately 36,000 Euros, and delivery will take place during the second quarter of 2021.

Josab Water Solutions AB and Mangold Fondkommission AB have signed an agreement where Mangold will be the company's financial advisor. The agreement includes that Mangold will procure financing of approximately SEK 35 million on market terms for Josab's current and future capital needs in the business, including any investments. Initially, Josab will be provided with SEK 10 million in order to be able to more quickly implement the plans that are closest to the company group's development, which includes SEK 3.7 million for redemption of any remaining convertible loan amount maturing on 30 June 2021.

The other part of the framework must be able to be lifted in case of need for future investments by agreement with the financier. Repayment of the financing will depend on the exercise but is planned to take place through a rights issue with attached free warrants.

## Expected future prospects

During the year, the Group's organization underwent a certain change, focusing on product development and broadened sales, primarily in new areas for materials. The company is also reviewing the opportunities to invest in other areas related to water and environmental areas to create added value in the company. In addition, the company's operations have been significantly affected by covid-19, where, among other things, operations in India have been completely stagnant due to the very difficult infection situation, Hungary has been in lock-down for several periods with major problems traveling and developing business.

The Board continuously reviews the company's financial situation and assesses the company's capital and liquidity needs. The Board is considering various alternatives to secure financing for the next 12 months. The business models are regularly reviewed to find the right models for the company depending on the conditions that each market allows, and as shown in the section Significant events during the financial year and Significant events after the end of the financial year, the Group has several projects in or underway that the Board believes can lead to significant income for the group. The Board has also, as part of a larger financing package, signed an agreement with Mangold for a short-term bridge loan of SEK 10 million in order to be able to execute the plans closest to the group's development more quickly, including SEK 3.7 million for redemption of any outstanding amounts of convertible loan maturing on 30 June 2021. Depending on the development of the projects and the outcome of existing financing proposals, it cannot be ruled out that the company, in order to continue operations, may need to obtain external financing to ensure the company's continued operations.

The Board is positive for the future and that the company, with ongoing and upcoming projects, will be able to increase sales substantially in the coming years and that the business will thereby become cash flow positive.

## Risks

The area of the location of the Hungarian mine is a so-called historical site. The administration plan for the universal heritage, publicized by the Hungarian government, which also deals with our mining area, has laid out that current operations may be continued under the condition that the capacity is less than 500 metric tons per day, and that no new mining rights will be established if they will exploit very valuable land in the area. Thus, the board of directors deems the risk minimal that the company will not be able to continue producing Aqualite™ in the foreseeable future.

The company's environmental permit has been prolonged during 2017, and the technical permit during 2018, with validity in 10-year periods. The board foresees no risk of the permits not being renewed, due to the company's growth in the area and the good and uninterrupted contacts with the relevant authorities.

## Multi-year review of the company's operations, result and financial position

### Group, SEK k

	<i>Dec 31,2020</i>	<i>Dec 31, 2019</i>	<i>Dec 31, 2018</i>	<i>Dec 31, 2017</i>	<i>Dec 31, 2016</i>
Net sales	2,521	2 765	4 005	989	633
Operating profit/loss	-12 590	-23 370	-16 560	-15 693	-18 815
Profit/loss after financial items	-13 285	-24 684	-19 386	-16 015	-18 770
Balance sheet total	43 148	51 603	57 760	84 232	52 240
Equity	32 199	35 418	26 593	45 262	38 665
Equity per share, SEK	0,38	0,46	0,36	0,61	0,68
Equity ratio, %	75	69	46	54	74
Average number of employees	22	22	22	24	22

**Parent company, SEK k**

	Dec 31, 2020	Dec 31, 2019	Dec 31, 2018	Dec 31, 2017	Dec 31, 2016
Net sales	1 799	1 312	1 406	74	22
Operating profit/loss	-8 405	-10 312	-8 609	-10 210	-14 060
Profit/loss after financial items	-8 357	-23 600	-10 760	-9 993	-13 594
Balance sheet total	57 548	54 704	60 098	73 575	42 439
Equity	49 377	42 002	32 356	43 111	32 649
Equity per share, SEK	0,59	0,55	0,48	0,58	0,57
Equity ratio, %	85,8	76,8	53,8	58,6	76,9
Average number of employees	4	4	4	4	6

**Proposed appropriation of profits**

The board of directors propose that the funds available for distribution, namely:

	SEK
Share premium reserve	148 945 068
Accumulated profit/loss	-99 643 232
Profit/loss for the year	-8 357 135
<b>Total</b>	<b>40 944 701</b>
be distributed as follows:	,
to be retained in the business	40 944 701
<b>Total</b>	<b>40 944 701</b>

For other aspects of the financial position and performance of the company, please refer to the following consolidated financial statements and financial statements for the parent company as well as the accompanying notes.



## Consolidated income statement

<i>SEK k</i>	<i>Note</i>	<i>Jan 1, 2020- Dec 31, 2020</i>	<i>Jan 1, 2019 - Dec 31, 2019</i>
<b><i>Operating income</i></b>			
Net sales	3	2,521	2,765
Change of stock		696	967
Other operating income	5	1,277	357
		4,494	4,089
<b><i>Operating expenses</i></b>			
Raw materials and consumables		-2,544	-2,470
Other external costs	7,8	-8,107	-9,501
Personnel costs	6	-5,801	-7,723
Share of associated company results	9	456	-
Depreciations and amortizations		-1,088	-7,765
<b>Operating profit/loss</b>		<b>-12,590</b>	<b>-23,370</b>
<b><i>Result from financial items</i></b>			
Result from securities		-	1 124
Interest income and similar profit items	10	233	146
Interest expenses and similar items	11	-928	-2,584
<b>Profit/loss after financial items</b>		<b>-13,285</b>	<b>-24,684</b>
<b>Profit/loss before tax</b>		<b>-13,285</b>	<b>-24,684</b>
Taxes	12	-	298
<b>Profit/loss for the year</b>		<b>-13,285</b>	<b>-24,386</b>

## Consolidated Balance Sheet

SEK k	Note	Dec 31, 2020	Dec 31, 2019
<b>ASSETS</b>			
<b>Fixed assets</b>			
<i>Intangible assets</i>			
Mining rights in Hungary	13	2,064	2,361
		2,064	2,361
<i>Property, plant and equipment</i>			
Land, open-cut mine in Hungary	14	22,865	26,221
Plant and machinery	15	1,908	3,021
Equipment, tools, fixtures and fittings	16	1,000	2,306
		25,733	31,548
<i>Financial assets</i>			
Shares in associated companies	19	1,346	-
Receivables from associated companies		1,236	-
Other long-term receivables	20	132	132
		2,714	132
<b>Total fixed assets</b>		<b>30,551</b>	<b>34,041</b>
<b>Current assets</b>			
<i>Inventory</i>			
Raw materials and consumables		17	20
Finished products and goods for resale		2,499	2,770
		2,516	2,790
<i>Current receivables</i>			
Accounts receivables - trade		268	828
Other receivables		2,375	3,278
Prepaid expenses and accrued income		345	309
		2,988	4,415
<b>Cash and bank</b>	21	<b>7,093</b>	<b>10,357</b>
<b>Total current assets</b>		<b>12,597</b>	<b>17,562</b>
<b>TOTAL ASSETS</b>		<b>43,148</b>	<b>51,603</b>

**EQUITY AND LIABILITY**

***Equity***

Share capital		8,432	7,632
Other contributed capital		120,866	105,954
Revaluation reserve		21,817	23,218
Other equity including profit/loss for the year		-118,916	-101,386
Total equity		32,199	35,418

***Non-current liabilities***

Borrowings	23	1,222	1,222
		1,222	1,222

***Current liabilities***

Current part of borrowings	23	3,609	8,965
Advance payments from customers		21	24
Accounts payable - trade		886	1,109
Current tax liability		-	-
Other current liability		1,279	604
Accrued expenses and deferred income	24	3,932	4,261
		9,727	14,963

**TOTAL EQUITY AND LIABILITY**

		43,148	51,603
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## Consolidated cash flow statement

<i>SEK k</i>	<i>Note</i>	<i>Dec 31, 2020</i>	<i>Dec 31, 2019</i>
<b>Operating activities</b>			
Profit/loss after financial items		-13,285	-24,684
Adjustments for non-cash items, etc.	27	-675	9,953
Taxes paid		-14	-101
<b>Cash flow from operating activities before working capital changes</b>		<b>-13,974</b>	<b>-14,832</b>
<i>Cash flow from working capital changes</i>			
Increase (-)/Decrease (+) in inventories		274	-1,840
Increase (-)/Decrease (+) in current receivables		192	-2,076
Increase (+)/Decrease (-) in current liabilities		119	853
<b>Cash flow from operating activities</b>		<b>-13,389</b>	<b>-17,895</b>
<b>Investing activities</b>			
Investments in property, plant and equipment	27	-74	-2,461
Investments in financial assets		-	2,021
<b>Cash flow from investing activities</b>		<b>-74</b>	<b>-440</b>
<b>Financing activities</b>			
New share issue(s), net after issuance expenses		11,555	8 500
New loans		459	3,000
Redemption of debt		-1,815	-
Convertible loan		-	6,000
<b>Cash flow from financing activities</b>		<b>10,199</b>	<b>17,500</b>
<b>Cash flow for the year</b>		<b>-3,264</b>	<b>-835</b>
<b>Cash and bank at the beginning of the year</b>		<b>10,357</b>	<b>11 192</b>
<b>Cash and bank at the end of the year</b>		<b>7,093</b>	<b>10 357</b>

## Change in consolidated equity

	<i>Share capital</i>	<i>Other contributed capital</i>	<i>Share premium reserve</i>	<i>Other equity incl. profit/loss for the year</i>
Opening balance, Jan 01, 2019	<b>6,718</b>	<b>73,690</b>	<b>24,493</b>	<b>-78,310</b>
Translation differences	-	-	465	-281
New share issue, net	914	32,264	-	-
Withdrawals during the year	-	-	-1 740	1 740
Issuance and warrant contracts	-	-	-	-149
Profit/loss for the year	-	-	-	-24,386
<b>Equity, 31 Dec, 2019</b>	<b>7,632</b>	<b>105,954</b>	<b>23,218</b>	<b>-101,386</b>
Opening balance, Jan 01, 2018	<b>7,632</b>	<b>105,954</b>	<b>23,910</b>	<b>-101,386</b>
Translation differences	-	-20	-1 401	-4 245
Issuance and warrant contracts	800	14 932	-	-
Profit/loss for the year	-	-	-	-13,285
<b>Equity, 31 Dec, 2020</b>	<b>8,432</b>	<b>120,866</b>	<b>21,817</b>	<b>-118,916</b>

## Parent company - Income statement

<i>SEK k</i>	<i>Note</i>	<i>Jan 1, 2020- Dec 31, 2020</i>	<i>Jan 1, 2019- Dec 31, 2019</i>
<b>Operating income</b>	<b>4</b>		
Net sales	3	1,799	1,312
Other operating income	5	891	-
		1,690	1,312
<b>Operating expenses</b>	<b>4</b>		
Raw materials and consumables		-435	-139
Other external costs	7,8	-5,817	-6,413
Personnel costs	6	-4,782	-4,975
Depreciations and amortizations		-61	-98
<b>Operating profit/loss</b>		<b>-8,405</b>	<b>-10,313</b>
<b>Result from financial items</b>			
Result from participation in group companies		-	-12 770
Result from securities		-	1 124
Interest income and similar profit items	10	891	881
Interest expenses and similar items	11	-843	-2,522
<b>Profit/loss after financial items</b>		<b>-8,357</b>	<b>-23,600</b>
<b>Profit/loss before tax</b>		<b>-8,357</b>	<b>-23,600</b>
<b>Taxes</b>	<b>12</b>	<b>-</b>	<b>-</b>
<b>Profit/loss for the year</b>		<b>-8,357</b>	<b>-23,600</b>

## Parent company - Balance Sheet

<i>SEK k</i>	<i>Note</i>	<i>Dec 31, 2020</i>	<i>Dec 31, 2019</i>
<b>ASSETS</b>			
<b>Fixed assets</b>			
<b><i>Property, plant and equipment</i></b>			
Equipment, tools, fixtures and fittings	16	166 166	228 228
<b><i>Financial assets</i></b>			
Participation in group companies	17	12,019	13,414
Long-term receivables, group companies	18	40,459	37,322
Other securities held as non-current assets	19	1,395	-
Receivables from associated companies		1,236	-
Other long-term receivables	20	132	132
		55,241	50,868
<b>Total fixed assets</b>		55,407	51,096
<b>Current assets</b>			
<b><i>Current receivables</i></b>			
Accounts receivables - trade		-	
Short-term receivables, group companies		242	584
Other receivables		275	292
Prepaid expenses and accrued income		216	258
		733	1,134
<b>Cash and bank</b>	21	1,408	2,474
<b>Total current assets</b>		2,141	3,608
<b>TOTAL ASSETS</b>		57,548	54,704

**EQUITY AND LIABILITY**

**Equity**

*Restricted equity*

Share capital		8,432	7,632
		8,432	7,632

*Non-restricted equity*

Share premium reserve		148,945	134,013
Accumulated profit/loss		-99,643	-76,044
Profit/loss for the year		-8,357	-23,600
		40,945	34,369

<b>Total equity</b>		49,377	42,001
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**Non-current liabilities**

Borrowings	23	1,222	1,222
		1,222	1,222

**Current liabilities**

Current part of borrowings	23	3,609	5,965
Accounts payable - trade		537	347
Current tax liability		-	-
Other current liability		680	3,121
Accrued expenses and deferred income	24	2,123	2,048
		6,949	11,481

<b>TOTAL EQUITY AND LIABILITY</b>		57,548	54,704
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## Parent company - Cash flow statement

SEK k	Note	Dec 31, 2020	Dec 31, 2019
<b>Operating activities</b>			
Profit/loss after financial items		-8,357	-23,600
Adjustments for non-cash items, etc.	27	253	13,211
Taxes paid		-14	-101
<b>Cash flow from operating activities before working capital changes</b>		<b>-8,118</b>	<b>-10,490</b>
<i>Cash flow from working capital changes</i>			
Increase (-)/Decrease (+) in inventories		-	-
Increase (-)/Decrease (+) in current receivables		-835	-178
Increase (+)/Decrease (-) in current liabilities		825	465
<b>Cash flow from operating activities</b>		<b>-8,128</b>	<b>-10,203</b>
<b>Investing activities</b>			
Divestment of financial investments	27	-	2,021
Investments in financial assets		-3,137	-7,863
<b>Cash flow from Investing activities</b>		<b>-3,137</b>	<b>-5,842</b>
<b>Financing activities</b>			
New share issue(s), net after issuance expenses		11 555	8,500
Borrowings		459	
Redemption of debt		-1,815	-3,000
Convertible, borrowing		-	6 000
<b>Cash flow from financing activities</b>		<b>10,199</b>	<b>17,500</b>
<b>Cash flow for the year</b>		<b>-1,066</b>	<b>1,455</b>
<b>Cash and bank at the beginning of the year</b>		<b>2,474</b>	<b>1,019</b>
<b>Cash and bank at the end of the year</b>		<b>1,408</b>	<b>2,474</b>

## Parent company - change in equity

<i>Restricted equity</i>	<i>Share capital</i>	<i>Share premium reserve</i>	<i>Accumulated profit/loss</i>	<i>Profit/loss for the year</i>
Opening balance, Jan 1, 2019	6,718	101,682	-65,283	-10,760
New share issue, net	914	32,480	-	-
Issuance and warrant agreements	-	-149	-	-
Closing balance of previous year	-	-	-10,760	10,760
Profit/loss for the year	-	-	-	-23,600
<b>Equity, Dec 31, 2019</b>	<b>7,632</b>	<b>134,013</b>	<b>-76,043</b>	<b>-23,600</b>
Opening balance, Jan 1, 2020	<b>7,632</b>	<b>134,013</b>	<b>-76,043</b>	<b>-23,600</b>
New share issue, net	800	14,932	-	-
Closing balance of previous year	-	-	-23,600	23,600
Profit/loss for the year	-	-	-	-8,357
<b>Equity, Dec 31, 2020</b>	<b>8,432</b>	<b>148,945</b>	<b>-99,643</b>	<b>-8,357</b>

## Notes

### Note 1 Accounting principles and notes to the financial statements

All amounts are in SEK k, unless otherwise stated.

#### General accounting principles

The annual report has been prepared according to the Annual Accounts Act and the general advice of the Swedish Accounting Standards Board, BFNAR 2012:1 Annual reports and consolidated financial statements (K3). The principles remain the same since last year.

#### Valuation principles

Assets, provisions and liabilities are recognized at cost, unless stated otherwise below.

Receivables are recognized at the amounts expected to be received.

Exchange rate differences on operating receivables and liabilities are recognized in net operating profit, while exchange differences on financial assets and liabilities are recognized in financial items.

#### Inventories

Inventories are valued at the lower of cost and net realizable value. Obsolescence risk has been considered. Cost is determined using the first-in first-out principle. The cost includes besides the cost of purchasing expenditure for bringing the goods to their present location and condition.

For semi-manufactured and finished goods consist of direct production costs and indirect costs constitute more than an insignificant portion of the total cost of production. The valuation takes into account normal capacity utilization. Appropriate deduction for obsolescence has been made.

#### Revenue Recognition

Sales of goods and machines are reported when the ownership has passed to the customer in accordance with the terms of sale. When selling machines, the ownership normally passes when the installation is approved and when selling goods when delivery takes place to the customer. Revenue is reported at the exchange rate on the transaction date.

Revenue from the Kiosk Project in India is reported on an ongoing basis based on Josab's share of actual water sales in the machines, as the parties have an agreed distribution of water revenue. Revenue is recognized in the period in which water sales occur.

#### Public subsidies

Recognition of subsidies related to fixed assets.

Public support by EU subsidies is recognized as pre-paid income and will be allocated systematically over the useful life of the asset.

State aid for short-term layoffs received as a result of covid-19 is reported in other income up to and including December 2020. The aid is reported at fair value of what is expected to be received when it is considered certain that the company will be able to receive the aid.

#### Intangible assets

Intangible assets acquired by the company are recognized at cost less accumulated depreciation and write-downs. Expenditures for internally generated goodwill and trademarks are recognized as cost in the income statement when incurred. Expenses for extended patents are expensed directly in the period to which they relate.

The mining rights in Hungary are depreciated according to plan based on actual yearly removal.

### Tangible fixed assets

Property, plant and equipment are recognized at cost less accumulated depreciation and write-downs increased by write-ups, which are recognized as property, plant and equipment and are depreciated according to the same principles as for cost. The cost of acquisition comprises except for the purchase price also expenditures directly relating to the acquisition.

#### *Additional expenses*

Additional expenses that meet the asset criteria are included in the asset's carrying amount. Expenditures for maintenance and repairs are recognized as expenses when incurred.

#### *Depreciation*

Property, plant and equipment are depreciated over the expected useful life, taking into account the significant residual value. Depreciation is recognized as an expense in the income statement.

The following depreciation periods apply:

	<i>Group, year Parent company, year</i>	
Property, plant and equipment:		
-Plant and machinery	5	5
-Equipment, tools, fixtures and fittings	5	5

Land, open cut mine in Hungary is depreciated according to plan based on actual yearly removal.

### **Foreign currency**

Receivables and payables in foreign currencies are translated at the closing exchange rate.

The following exchange rates have been used in the translation of the foreign subsidiary's income statement and balance sheet.

<b>Country</b>	<b>Currency</b>	<b>Currency code</b>	<b>Average exchange rate</b>		<b>Closing exchange rate</b>	
			<b>2020</b>	<b>2010</b>	<b>2020</b>	<b>2019</b>
Hungary	100	HUF	2,989	3,2558	2,7524	3,1486
India	100	INR	12,453	13,427	11,170	13,246

### **Taxes**

Reported income tax includes tax payable or refundable for the current year, adjustments to prior years' taxes, and shares in the taxes of associated companies.

Tax liabilities and assets are valued, as assessed by the company, at the amount payable to or receivable from tax authorities. The assessment is based on tax regulations and tax rates enacted or announced and highly likely to be confirmed. For items recognized in the income statement, the related tax effects are recognized in the income statement. Tax effects of items recognized directly in equity are recognized directly in equity. Current tax assets and liabilities and, correspondingly, deferred tax assets and liabilities have been set off and are recognized as net in the balance sheet, to the extent that a legal off-set right is deemed to exist.

### ***Deferred Tax***

Taxes in the income statement consist of current tax and deferred tax. Deferred tax is the tax on taxable income relating to future financial years as a result of past transactions or events.

Deferred tax liabilities are recognized for all taxable temporary differences, except for temporary differences arising from the initial recognition of goodwill. Deferred tax assets are recognized for deductible temporary differences and the possibility of future use of tax loss carryforwards. The valuation is based on how the carrying value of the corresponding asset or liability is expected to be recovered or settled. The amounts are based on the tax rates and tax rules enacted before the balance sheet date and have not been discounted to present value.

In the consolidated balance sheet, untaxed reserves are divided into deferred tax liability and equity.

### ***Employee benefits***

Short-term employee benefits consist of salaries, social security contributions, pensions, paid vacation, paid sick leave, health care and bonuses. Short-term benefits are recognized as an expense and a liability when there is a legal or informal obligation to pay compensation.

### ***Employee benefits post-employment***

All of the company's plans are classified as defined and recognized as an expense. Unpaid fees are recognized as a liability.

In defined contribution plans, fixed fees are paid to another company, usually an insurance company, and the company no longer has any obligation to the employee when the fee is paid. The size of the employee's retirement benefits depends on the contributions paid and the return on those fees.

### ***Financial assets and liabilities***

Financial assets and liabilities are reported in accordance with Chapter 11 (Financial instruments measured on cost basis) of the Swedish Accounting Standards Board 2012 1.

Financial instruments recognized in the balance sheet include securities, accounts receivables and other receivables, short-term investments, trade payables, loan liabilities and derivative instruments. The instruments are recognized in the balance sheet when Josab Water Solutions AB becomes party to the instrument's contractual terms.

Financial assets are derecognized when the right to receive cash flows from the instrument has expired or transferred and the group has transferred virtually all risks and benefits associated with ownership.

Financial liabilities are derecognized when liabilities have been fulfilled or otherwise terminated.

### ***Trade receivables and other receivables***

Receivables are recognized as current assets with the exception of expiration dates more than 12 months after the balance sheet date, which are classified as non-current assets. Receivables are charged to the amount that is expected to be paid after deduction of individually assessed doubtful receivables.

### ***Participations***

Holdings are recognized as participation if in other companies and intended to promote the activities of Josab Water Solutions by creating a lasting relationship with that other company. Holdings are held for the long term. Assets included in the item are reported initially at acquisition value. In subsequent accounting, the shares are valued at acquisition value with an assessment of whether there is a need for impairment.

### ***Other long-term securities***

The item consists mainly of equities and a small holding of interest-bearing assets. Holdings are held for the long term. Assets included in the item are reported initially at acquisition value. In subsequent accounting, the shares are valued at acquisition value with an assessment of whether there is a need for impairment. The interest-bearing assets are reported in subsequent accounts at accrued acquisition value using the effective interest method, less any reserves for impairment.

### Borrowings and trade payables

Borrowings are initially recognized at acquisition cost less transaction costs (accrued acquisition value). If the reported amount differs from the amount to be repaid at maturity date, the difference is recognized as interest expense over the term of the loan using the instrument's effective interest rate. By this, at the due date, the reported amount and the amount to be repaid correspond.

Short-term trade payables are reported at cost.

### **Convertible instruments**

When issuing convertible debt instruments, the liquidity is divided between the liability component and the equity component. The debt amount has been determined at the fair value of a similar debt that is not entitled to conversion. Direct expenses related to issues have been allocated between the liability component and the equity component based on the relative fair values of each component. After the year in which a convertible debt instrument has been issued, each difference between the debt component and the amount to be paid on maturity has been reported systematically as an additional interest expense.

### **Equity**

Transactions in equity are reported net after subsequent tax effects.

### **Impairment – non financial assets**

When there is an indication that the value of an asset has decreased, an impairment test is performed. If the asset has a recoverable amount that is lower than the carrying amount, it is written down to their recoverable amount. When assessing impairment, the assets are grouped at the lowest levels where there are separate identifiable cash flows (cash-generating units). For assets, other than goodwill, that have previously been written down, an assessment is made on each balance sheet date as to whether reversal should be made.

In the income statement, write-downs and reversals of write-downs are reported in the function where the asset is used.

### **Impairment testing of financial fixed assets**

At each balance sheet date, the company assesses whether there is any indication of impairment in any of the financial fixed assets. Impairment occurs if the decline in value is deemed to be permanent. Impairment is reported in the income statement item Profit from other securities and receivables that are fixed assets. The need for impairment is tested individually for shares and participations and other individual financial fixed assets that are significant. Impairment of assets valued at amortized cost is calculated as the difference between the asset's carrying amount and the present value of management's best estimate of future cash flows discounted at the asset's original effective interest rate. For assets with a variable interest rate, the interest rate current on the balance sheet date is used as the discount rate.

When examining the need for impairment of the securities portfolio with interest rate instruments, an effective interest rate is determined in a corresponding manner for the portfolio used in the discounting. If shares are written down, the write-down amount is determined as the difference between the carrying amount and the higher of fair value less costs to sell and the present value of future cash flows (which is based on management's best estimate).

### **Consolidated financial statements**

The consolidated financial statements are prepared using the acquisition method. Under the acquisition method, a company's acquisition of a subsidiary is reported as a transaction in which the parent company indirectly acquires the assets and assumes the liabilities of the subsidiary.

Accounting for business combinations is based on the entity approach. This means that the acquisition analysis is prepared as of the date when the acquirer gains a controlling influence. From that moment, the acquirer and the acquired unit are seen as an accounting unit. The application of the entity approach also leads to all assets (including goodwill) and liabilities as well as revenues and expenses being included in their entirety also for partly owned subsidiaries.

In the acquisition analysis, the fair value, is determined at the acquisition date of acquired identifiable assets and assumed liabilities. From the acquisition date going forward, the acquired company's income and expenses, identifiable assets and liabilities as well as any incurred goodwill or negative goodwill are recognized in the consolidated financial statements.

All transactions between companies within the Group are eliminated as the accounting is based on the unit view.

### ***Subsidiaries***

Subsidiaries are companies in which the parent company directly or indirectly holds more than 50% of the voting rights or otherwise has a controlling influence. Control is the power to govern the financial and operating policies to obtain financial benefits.

Cost of the subsidiary is calculated as the sum of the fair value at the acquisition date of the assets plus arisen and assumed liabilities as well as, expenditures directly attributable to the business combination and any additional purchase price.

### ***Translation of foreign subsidiaries***

Foreign subsidiaries are translated into Swedish kronor using the current method. Under the current method, all assets, changes in provisions and other liabilities are translated at the closing rate and all income statement items are translated at the average rate. The resulting translation adjustments are recognized directly against the consolidated equity.

### **Leasing – lessees**

All leases are classified as operating leases.

### ***Operating leases***

The lease payments under operating leases, including increased first-time hire but excluding costs for services such as insurance and maintenance are recognized as an expense over the lease period.

### **Cash Flow Analysis**

The indirect method has been applied for the calculation of the cash flow analysis. The indirect method means that the result is adjusted for transactions that do not involve deposits or payments, accrued or prepaid items relating to past or future periods, and for any income and expenses attributable to the cash flow of the investment or financing operations.

### **Accounting principles of the parent company**

#### ***Equity***

The parent company has equity is divided into restricted and unrestricted equity, in accordance with the divisions stated in the Swedish Annual Accounts Act.

### **Definitions of key ratios**

#### ***Equity ratio***

Adjusted equity in percentage of the balance sheet total.

#### ***Equity per share***

Equity divided by number of shares at the end of the financial year, with addition for outstanding, and subscribed, convertibles and options.

### **Note 2 Accounting estimates**

Josab Water Solutions AB makes estimates and assumptions concerning the future. The estimates for accounting purposes that result from these will, by definition, seldom equal the related actual results. Accounting estimates that have a significant risk of material adjustments to the carrying values of assets and liabilities within the next year are outlined below.

Land, open-cut mine in Hungary

The group recognizes *Land, open-cut mine in Hungary* a value of SEK 22,9 M in the balance sheet, encompassing the mining deposit composed of mineral Zeolite in Hungary. The mineral is the basis for the company's technology and the basis for the company's revenue model. The board tests the value in use of the mine annually or when there is an indication that the value in use is less than the book value of the open pit. As a basis for the Board's assessment, an external valuation of a local valuation company is carried out if necessary. The value in use is estimated through a discounted cash flow method based on the Board's forecasts of future withdrawals, production costs and sales prices. In the Board's forecast, the expected unit price for Aqualite™ is significantly higher than the prices received in 2019 and 2020. The Board estimates that the unit price for Aqualite™ obtained from machine sales and as an input product for water purification can be kept significantly higher than unit prices for smaller sales of agricultural and research products, which was the main sale in 2019 and 2020. The Board's and management's assessment is that the mining deposit will generate cash flows that exceed its book value.

Significant discrepancies between those forecasts and actual outcomes, as well as changes in the discount rate, may result in a change in the assessment of the asset's value.

Subsidiary

Shares and receivables from subsidiaries amount to KSEK 52,720. The Board assesses the fair value of the assets based on expected future returns. The Board of Directors believes that the valuation is reasonable given the current development and potential in several areas, especially the value of the mine in Hungary for increased sales.

Deferred tax assets

Deferred tax assets are reported only to the extent that the Board makes the assessment that the loss carry-forward will only be used against future gains. As of the balance sheet date, the Group has SEK 141,327 thousand in unutilized loss carryforwards, of which 113,015 pertain to the parent company and 28,312 to Josab Hungary Kft. No deferred tax asset has been capitalized in respect of unutilized loss carryforwards, as the Board considers the possibility of using these to be uncertain in the future.

**Note 3 Net sales per business line and geographical market**

	<i>Jan 1, 2020- Dec 31, 2020</i>	<i>Jan 1, 2019- Dec 31, 2019</i>
<b>Group</b>		
<i>Net sales per geographical market</i>		
Asia	1,179	1,129
Sweden	-	-
Europe, other	1,342	1,636
	2,521	2,765
<b>Parent company</b>		
<i>Net sales per geographical market</i>		
Asia	1,796	1,060
-Sweden	-	-
Europe, other	3	252
	1,799	1,312



**Note 4 Purchases and sales between subsidiaries and parent company**

	<i>Dec 31, 2020</i>	<i>Dec 31, 2019</i>
Purchases in relation to total purchase of goods, %Sales in relation to net sales, %	17	90
	100	100

**Note 5 Other operating income**

	<i>Jan 1, 2020- Dec 31, 2020</i>	<i>Jan 1, 2019- Dec 31, 2019</i>
<b>Group</b>		
Received EU subsidy	386	357
Total	386	357
<b>Parent company</b>		
Other	-	-
Total	-	-

Withdrawal of EU subsidies is recognized proportionally and is calculated as the rate of funding of the total investment multiplied by the loss in value of the plant.

**Note 6 Employees and Personnel Costs**

***Average number of employees***

	<i>Jan 1, 2020- Dec 31, 2020</i>	<i>Jan 1, 2017- Dec 31, 2017</i>
Parent Company	4	4
Subsidiary	18	18
<b>Group, total</b>	<b>22</b>	<b>22</b>

***Salaries, remunerations, social security expenses***

	<i>Jan 1, 2020- Dec 31, 2020</i>	<i>Jan 1, 2019- Dec 31, 2019</i>
<b>Parent company</b>		
Board and CEO	1,999	1,824
Other employees	1,392	1,509
Total	3,391	3,333
Social security expenses (of which pension expenses) 1)	1,327 337	1,558 417

**Group**

Board and CEO 4)	3,320	3,449
Other employees 3)	1,981	2,395
22,021		
Total	5,301	5,844
Social security expenses	1,585	1,823
(of which pension expenses) 2)	337	417

1) Of the parent company's pension costs, SEK 220 (previous year 292) k regard the company's management comprising 2 (2) persons. The company's outstanding pension obligations to them amount to SEK 0 (0) k.

2) Of the group's pension costs, SEK 220 (previous year 292) k regard the company's management comprising 2 (2) persons. The group's outstanding pension obligations to them amount to SEK 0 (0) k.

3) Of the labor costs in subsidiaries, a total of SEK 0 (previous year 0) k has been capitalized for the production site and for inventories, or are included in cost of goods sold, in proportion to the work performed.

4) Board fees for 2020 have been paid as salary.

**Remuneration to senior executives**

**Group 2020**

<i>Name</i>	<i>Base salary/ board fee</i>	<i>Pension expenses</i>	<i>Other remuneration</i>	<i>Total</i>
<b>Chairman</b>				
Yongjun Zhu (unt. Jun 20)	47			47
Klaus Kalb (from Jul 20)	71			71
<b>Board members</b>				
Jian Wen Cai	95			95
Stefan Östlundh**			193	193
Per Olof Seeman (unt. Jun 20)	47			47
Peter Fredell (from Jul 20)	47			47
Wilfrid Balmer (from Jul 20)			821	821
<b>Managing director/CEO</b>				
Johan Gillgren	1,156	88		1,244
Henry Koskela *	843	132		975
Other senior management	1,014	96		1,318
<b>Total</b>	<b>3,320</b>	<b>316</b>	<b>1,014</b>	<b>4,650</b>

\* Henry Koskela's basic salary refers to salary for work in the form of CFO, and as CEO from May 2020 for the Group.

\*\* Invoiced fee for Stefan Östlundh refers to consulting fees for the development of the company's business in the Asian market. The agreement was terminated during the year.

\*\*\* Invoiced fee for Wilfrid Balmer refers to consulting fees in the form of external CTO for the Group.

Except as set out above, no board member or senior manager of Josab nor – neither by themselves nor via legal persons or related parties – directly or indirectly partaken in any business transaction with Josab.

Josab has not granted any borrowings to or issued any guarantees for the benefit of any board members, senior managers or auditors of Josab.

**Agreement with CEO including severance pay**

CEO agreement signed with Henry Koskela to apply from 1 May 2020. Salary SEK 75,000 / month and pension provision of 15% of the salary cost. Mutual notice period of 3 months, but if the employer terminates the employment, in addition to the severance pay, a severance pay of six months is paid. There is no bonus agreement with the current CEO.

## Note 7 Remuneration to auditors

	<i>Jan 1, 2020- Dec 31, 2020</i>	<i>Jan 1, 2019- Dec 31, 2019</i>
<b>Group</b>		
<i>PricewaterhouseCoopers AB</i>		
Audit engagement, Sweden	437	500
Audit activities outside the audit assignment	-	31
Total	437	531
<b>Parent company</b>		
<i>PricewaterhouseCoopers AB</i>		
Audit engagement	437	500
Audit activities outside the audit assignment	-	31
Total	437	531

There has been no auditing activity in addition to the audit assignment, tax advice or other services from any of the auditors of the group or parent company.

## Note 8 Operational leasing - lessees

	<i>Jan 1, 2020- Dec 31, 2020</i>	<i>Jan 1, 2019- Dec 31, 2019</i>
<b>Group</b>		
<i>Assets held in operational leasing</i>		
Expensed leasing fees	544	788
Total leasing costs	544	788
Contracted minimum lease payments for Non-revocable contracts, with maturity		
Within one year	544	493
Between one and five years	853	1,564
	1,397	2,039
<b>Parent company</b>		
<i>Assets held in operational leasing</i>		
Expensed leasing fees	306	580
Total leasing costs	306	580
Contracted minimum lease payments for Non-revocable contracts, with maturity		
Within one year	306	285
Between one and five years	459	714
	765	999

## Note 9 Share of result from associated companies

	<i>Jan 1, 2020- Dec 31, 2020</i>	<i>Jan 1, 2019- Dec 31, 2019</i>
Results of reclassification to associated companies	430	-
Share of associated company results	26	-

In 2020, there has been a direct investment in Josab's Chinese subsidiary, Josab (Beijing) Ecological Water Treatment Co. Ltd, whereby Josab Water Solutions' shareholding decreased from 100% to 49%. In connection with this, the holding in Josab (Beijing) Ecological Water Treatment Co. is revalued. Ltd, from subsidiaries to associated companies at their fair value, whereby a profit arises on the holding of SEK 430 thousand.

## Note 10 Other interest income and similar profit items

	<i>Jan 1, 2020- Dec 31, 2020</i>	<i>Jan 1, 2019- Dec 31, 2019</i>
<b>Group</b>		
Interest income	233	146
	233	146
<b>Parent company</b>		
Interest income, group companies	890	629
Interest income, other	1	2
	891	631

## Note 11 Interest expenses and similar items

	<i>Jan 1, 2020- Dec 31, 2020</i>	<i>Jan 1, 2019- Dec 31, 2019</i>
<b>Group</b>		
Exchange differences	-	-52
Interest expenses, other	-928	-2,532
	-928	-2,584
<b>Parent company</b>		
Exchange differences	-	-52
Interest expenses, other	-843	-2,470
	-843	-2,522

## Note 12 Taxes

	<i>Jan 1, 2020- Dec 31, 2020</i>	<i>Jan 1, 2019- Dec 31, 2019</i>
<b>Group</b>		
Deferred tax	-	-
Current tax	-	298
	-	298
<b>Parent company</b>		
Current tax	-	-
	-	-

The Group's total losses for tax purposes amounted to SEK 141,327 k, of which for the parent company SEK 113,015 k.

### Note Reconciliation, effective tax

	<i>2020</i>	<i>2019</i>
<b>Group</b>		<b>Amount</b>
Profit/loss before tax	-13,285	-24,684
Taxes at tax rate applicable to parent company	2,843	5,282
Tax effect from non-deductible expenses	38	56
Tax loss carry-forward, not recognized as asset	-2,881	-5,338
Change in deferred tax rate	-	298
<b>Reported tax expense</b>	<b>-</b>	<b>298</b>
<b>Parent company</b>		<b>Amount</b>
Profit/loss before tax	-8,357	-23,600
Taxes at tax rate applicable to parent company	1,788	5,050
Tax effect from non-deductible expenses	38	56
Tax loss carry-forward, not recognized as asset	-1,826	-5,106
<b>Reported tax expense</b>	<b>-</b>	<b>-</b>

## Note 13 Mining rights in Hungary

<b>Group</b>	<i>Dec 31, 2020</i>	<i>Dec 31, 2019</i>
<i>Acquisition value:</i>		
-Opening balance	2,361	2,400
-Translation differences for the year	-297	-39
<b>Closing balance</b>	<b>2,064</b>	<b>2,361</b>

The group owns by its subsidiary, Josab Hungary KTF, the mining rights for the area "Rátka-Vasút Menti Zeolite" which is a proclaimed mining area in accordance with decision 1880/1991 KBF of Miskolc District Inspectors of Mines. The size of the area is 16 hectares.

**Note 14 Land, open-cut mine in Hungary**  
**Group**

	<i>Dec 31, 2020</i>	<i>Dec 31, 2019</i>
<i>Acquisition value:</i>		
-Opening balance	3,369	3,419
-Acquisitions	-	-
-Translation differences for the year	-423	-50
	2,946	3,369
<i>Accumulated depreciations according to plan:</i>		
-Opening balance	-366	-304
-This year's depreciation according to plan	-	-67
-Translation differences for the year	-41	5
	-407	-366
<i>Accumulated appreciations</i>		
-Opening balance	23,218	25,367
- Out-takes for the year	-	-1,739
-Translation differences for the year	-2,892	-410
	20,326	23,218
<b>Closing balance</b>	<b>22,865</b>	<b>26,221</b>

The Board has determined that a write-up up to 2014 is warranted, as the value is considered reliable and lasting. Provisions for deferred tax have been based on the revaluation less any tax losses of the subsidiary at the current tax rate. See Note 2.

**Note 15 Plant and machinery**  
**Group**

	<i>Dec 31, 2020</i>	<i>Dec 31, 2019</i>
<i>Acquisition value:</i>		
-Opening balance	6,861	5,534
-Purchases	74	1,416
-Translation differences for the year	-708	-89
	6,227	6,861
<i>Accumulated depreciations according to plan:</i>		
-Opening balance	-3,840	-3,106
-This year's depreciation according to plan	-837	-810
- Translation differences for the year	358	76
	-4,319	-3,840
<b>Closing balance</b>	<b>1,908</b>	<b>3,021</b>
<i>Machinery held under financial leasing agreements are comprised at the following amount:</i>	<i>None</i>	<i>None</i>

## Note 16 Equipment, tools, fixtures and fittings

	<i>Dec 31, 2020</i>	<i>Dec 31, 2019</i>
<b>Group:</b>		
<i>Acquisition value:</i>		
-Opening balance	11,086	9,707
-Purchases/sales net	-963	1,106
-Translation differences for the year	-1,438	273
	8,685	11,086
<i>Accumulated depreciations according to plan:</i>		
-Opening balance	-8,780	-1,891
-This year's depreciation according to plan	-188	-674
-Write down for the year	-	-6 215
-Translation differences for the year	1,283	-
	-7,685	-8,780
<b>Closing balance</b>	<b>1,000</b>	<b>2,306</b>
<i>Equipment held under financial leasing agreements are comprised at the following amount</i>	<i>None</i>	<i>None</i>
<b>Parent company:</b>		
<i>Acquisition value:</i>		
-Opening balance	1,499	1,499
-Purchases	-	-
	1,499	1,227
<i>Accumulated depreciations according to plan:</i>		
-Opening balance	-1,271	-1,173
-This year's depreciation according to plan	-62	-98
	-1,333	-1,271
<b>Closing balance</b>	<b>166</b>	<b>228</b>
<i>Machinery held under financial leasing agreements are comprised at the following amount</i>	<i>None</i>	<i>None</i>

## Note 17 Participation in group companies

	<i>Dec 31, 2020</i>	<i>Dec 31, 2019</i>
<i>Acquisition value:</i>		
-Opening balance	26,396	26,396
-Reclassifications	-1,395	-
-Closing balance	25,001	26,396
<i>Accumulated write-downs</i>		
-Opening balance	-12,982	-212
-Write down for the year	-	-12,770
	-12,982	-12,982
<b>Carrying amount</b>	<b>12,019</b>	<b>13,414</b>



An impairment loss of SEK 12,770 thousand in 2019 refers to Josab's subsidiaries in India, as the outcome of the business has not met expectations.

The Chinese subsidiary has been reclassified as an associated company, as direct investments in the company have taken place, which has reduced Josab's holding to 49%, see Note 9.

### **Specification of participation in group companies**

The percentage of shares held is accounted for, which also reflects the share of votes for the total number of shares.

<i>Subsidiary/ Corp. id./Seat</i>	<i>Capital share, %</i>	<i>Equity</i>	<i>Result</i>	<i>Book value</i>
Josab Hungary Kft., 01-09-984850, Budapest	100	-6,544	-4,002	1,619
Josab India PVT Ltd, U41000PN2012FT, C 145589 Pune	100	7,515	-1,381	10,350
JOSINT Financial Services AB, 556975-8187, Stockholm	100	42	-1	50

### **Note 18 Receivables from group companies**

	<i>Dec 31, 2020</i>	<i>Dec 31, 2019</i>
<i>Acquisition value:</i>		
-Opening balance	37,322	29,460
-Incoming accounts	3,137	7,862
<b>Closing balance</b>	<b>40,459</b>	<b>37,322</b>

### **Note 19 Shares in associated companies**

	<i>Dec 31, 2020</i>	<i>Dec 31, 2019</i>
<b>Group</b>		
<i>Acquisition value</i>		
-Opening balance	-	-
-Reclassification	1,346	-
<b>Closing balance</b>	<b>1,346</b>	<b>-</b>
<b>Parent company</b>		
<i>Acquisition value</i>		
-Opening balance	-	-
-Incoming assets	1,395	-
<b>Closing balance</b>	<b>1,395</b>	<b>-</b>

## Not 20 Other long-term receivables

	<i>Dec 31, 2020</i>	<i>Dec 31, 2019</i>
<b>Group</b>		
<i>Acquisition value</i>		
-Opening balance	132	132
-Incoming receivables	-	-
<b>Closing balance</b>	<b>132</b>	<b>132</b>
<b>Parent company</b>		
<i>Acquisition value</i>		
-Opening balance	132	132
-Incoming receivables	-	-
<b>Closing balance</b>	<b>132</b>	<b>132</b>

## Note 21 Cash and bank

	<i>Dec 31, 2020</i>	<i>Dec 31, 2019</i>
<b>Group</b>		
Blocked bank account for projects	2,993	2,928
<b>Parent company</b>		
Guarantee for company card/lease, blocked bank account	None	None

## Note 22 Deferred tax liability

At the balance sheet date, the group has SEK 141,327 k in unused loss carry-forward. SEK 141,327 k has not been capitalized for unused loss carry-forward, as the board assesses the possibility of using them in future as uncertain.

Deferred tax liabilities attributable to temporary differences have only been reported to the extent that they are considered to be payable in the future.

## Note 23 Non-current liabilities

	<i>Dec 31, 2010</i>	<i>Dec 31, 2019</i>
<b>Group</b>		
Amount, by which the liability item is expected to be paid later than 12 months from the balance sheet date	1,222	1,222
Amount, by which the liability item is expected to be paid later than 5 years from the balance sheet date	-	-
Amount by which the debt item is expected to be paid within one year from the balance sheet date	3,609	8,965
<b>Parent company</b>		
Amount, by which the liability item is expected to be paid later than 12 months from the balance sheet date	1,222	1,222
Amount, by which the liability item is expected to be paid later than 5 years from the balance sheet date	-	-
Amount by which the debt item is expected to be paid within one year from the balance sheet date	3,609	8,965

### Convertible bonds

Josab Water Solutions AB has 1,850,000 outstanding convertible bonds at a nominal amount of SEK 2 per convertible. The nominal amount of the bonds total SEK 3,700,000. The convertibles were issued in conjunction with a resolution at a Board meeting on July 2020 and expires June 30, 2021. The annual interest rate amounts to 9% and is paid quarterly.

From the date of registration until 30 June, convertible holders are entitled to call for conversion into new shares, each convertible entitling its holder to one (1) share at a conversion rate of SEK 2 per share.

If the price of Josab Water Solutions AB's share, measured as the volume-weighted average price over 20 trading days according to Spotlight Stock Market's official price list, amounts to at least SEK 4 (4), the interest rate is reduced to 4.5% if conversion has not taken place.

In the table above, the convertible loan is reported at its fair value of SEK 3,609 k. The difference between the fair value of the loan and its nominal value at the acquisition date is reported in other capital.

### Note 24 Accrued expenses and deferred income

	<i>Dec 31, 2020</i>	<i>Dec 31, 2019</i>
<b>Group</b>		
Accrued vacation pay	735	722
Accrued social charges	326	363
Pre-paid EU subsidies	1,655	2,064
Other accrued expenses	1,216	1,112
	<b>3,932</b>	<b>4,261</b>
<b>Parent company</b>		
Accrued vacation pay	735	722
Accrued social charges	326	363
Other accrued expenses	1,062	963
	<b>2,123</b>	<b>2,048</b>

### Note 25 Consolidated pledged assets and contingent liabilities

#### ***Pledged assets***

	<i>Dec 31, 2020</i>	<i>Dec 31, 2019</i>
<i>Pledged assets for own liability and provisions</i>	<i>None</i>	<i>None</i>
<i>Other collaterals provided and pledged assets</i>		
Blocked bank account projects/ rent guarantee	3,125	3,060
	3,125	3,060

All issued floating charges are now in the company's custody.

## Note 26 Pledged assets and contingent liabilities – parent company

### **Pledged assets**

	<i>Dec 31, 2020</i>	<i>Dec 31, 2019</i>
<i>Pledged assets for own liability and provisions</i>	<i>None</i>	<i>None</i>
<i>Other collaterals provided and pledged assets</i>		
Blocked bank account, rent guarantee	132	232

All issued floating charges are now in the company's custody.

## Note 27 Supplementary disclosures to the cash-flow statement

	<i>Dec 31, 2020</i>	<i>Dec 31, 2019</i>
<b>Adjustment for non-cash items etc.</b>		
<i>Group</i>		
Depreciations and amortizations	1,088	7,765
Unrealized exchange rate differences	-1,884	659
Reclassifications	-	1 000
Interest, equity, convertible bond	121	529
	<b>-675</b>	<b>9,953</b>
	<i>Dec 31, 2020</i>	<i>Dec 31, 2019</i>
<i>Parent company</i>		
Depreciations and amortizations	61	98
Write-downs subsidiaries	-	12,770
Interest, equity, convertible bond	121	529
Unrealized translation differences	71	-186
	<b>253</b>	<b>13,211</b>
	<i>Dec 31, 2020</i>	<i>Dec 31, 2019</i>
<b>Investment activities</b>		
<i>Group</i>		
Changes in property, plant and equipment	-74	-2,461
Divestment securities	-	2,021
<b>Cash-flow from investment activities</b>	<b>-74</b>	<b>-440</b>
	<i>Dec 31, 2020</i>	<i>Dec 31, 2019</i>
<i>Parent company</i>		
Intra-group borrowings	-3,137	-7,863
Divestment securities	-	2,021
<b>Cash-flow from investment activities</b>	<b>-3,137</b>	<b>-5,842</b>

## Note 28 Significant events after the end of the financial year

The new JV company in Hungary is registered. Josab owns 51%, and partner EUROTRADE Kft., The remaining 49%. Planning for the company's operations continues and operations regarding water purification units and air purification are expected to be transferred to the company during the autumn of 2021.

Josab Hungary received an order within Wastewater through a partner, Indufil Hungária Kft., where the end customer is MONO Ipolyfabric Kft., which manufactures and finishes interior details for the automotive industry. The process of painting and varnishing creates large amounts of environmentally hazardous waste that generates large costs in handling for the company. Josab's solution will separate the hazardous waste through sedimentation and absorption and thereby reduce transport and handling costs for the customer. The order value for Josab's share of the project amounts to approximately SEK 1.4 million.

Josab Hungary has received an order for a water purification unit from Hummels Trade Kft., Which will be used for tests and demonstrations of Josab's Aqualite technology in Nigeria. The order value is approximately 36,000 Euros, and delivery will take place during the second quarter of 2021.

Josab Water Solutions AB and Mangold Fondkommission AB have signed an agreement where Mangold will be the company's financial advisor. The agreement includes that Mangold will procure financing of approximately SEK 35 million on market terms for Josab's current and future capital needs in the business, including any investments. Initially, Josab will be provided with SEK 10 million in order to be able to more quickly implement the plans that are closest to the company group's development, which includes SEK 3.7 million for redemption of any remaining convertible loan amount maturing on 30 June 2021.

The other part of the framework must be able to be lifted in case of need for future investments by agreement with the financier. Repayment of the financing will depend on the exercise but is planned to take place through a rights issue with attached free warrants.

## **Signatures**

Stockholm June 9, 2021

Klaus Kalb  
Chairman

Henry Koskela  
CEO/Managing director

Cai Jian Wen  
Board member

Wilfrid Balmer  
Board member

Peter Fredell  
Board member

Our auditor's report has been submitted on June 9, 2021.

PricewaterhouseCoopers AB

Victor Lindhall  
Authorized public accountant  
Principal auditor

Henrik Boman  
Authorized public accountant