

The Board Of Directors and CEO for

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

Swedish corporate identity number 556549-1114

Hereby submits its

# **Annual Report and consolidated financial statement**

for the Financial year 2021-01-01 - 2021-12-31

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## The CEO has the floor

Another year has come to an end with special times, both for companies and individuals, but now we all hope that we can put the pandemic behind us and return to normal life.

As I am the newly appointed CEO, the first time has mostly been spent getting to know the company, the business, and its employees. I am hopeful of being able to contribute with my experiences and contact points and thus contribute to lifting the company and its operations in several areas.

The pandemic, which has caused difficulties in traveling and meeting new and existing customers as well as processing new markets, has given us new working methods that in many parts works well. Personal meetings can be replaced to some extent, but not fully in the entire sales process, which has created some delays in ongoing discussions with potential customers.

Strategically, we have continued the work of broadening the company's offer within the existing business. We are trying to find new areas where our material can be used, not necessarily for drinking water, but in other environmental areas that use zeolites in some application. We hope to find projects in these areas that often have shorter decision paths and thus faster completion and cash flow.

An outcome of this work is the machine order from Indufil / Mono, which treats environmentally hazardous waste from the painting process for interior details for the automotive industry. This project contains micronized Aqualite™ and is the first industrial project with this material.

In recent years, Africa has become an increasingly interesting continent for Josab, with several agents starting to get closer to business in several of the countries. A deal came during the year where our agent for Nigeria obtained grant funds to order a test unit which is now in place. We expect good results from the tests, which should lead to future orders in the drinking water area in the country.

We have signed a distribution agreement with YQUOS SAS, a French company, for 11 French-speaking countries in Africa. YQUOS shall sell and distribute Josab's purification units in the agreed countries. The collaboration has already started as Josab has produced a water kiosk which is now delivered to the Ivory Coast, the first country in which our partner will establish itself.

Tests carried out in 2021 in Ethiopia by the Oromo Water Bureau, with the help of our agent SAFAB, gave successful results on iron and manganese water, in the city of Sululta. Before the deal could be concluded, however, war broke out in the country, which brought the whole project to a standstill. Now the war has ended and Josab has re-established contacts with the authority to move forward with this project.

Tests in Beijing carried out by the Rural Drinking Water Safety Center of the Chinese Ministry of Water Resources in Beijing, concluded in the autumn with good results. The tests took place on heavily iron- and manganese-containing water with good results. We are currently working on strategic issues to move forward with Josab's technology in the Chinese market.

The acquisition of Clear Industry is of course the biggest thing that happened in Josab during the year, if not of all time. The acquisition is also one of the reasons for my entry as CEO of the company as Josab becomes more established in the Chinese market, which I know well. Clear Industry is today an established player in a rapidly growing industry in China. New innovations in the use of the end product in the projects provide a very interesting future for Josab as the owner of this company. The potential for growth is great and Clear industry can become one of the leading companies in this industry in China.

Our operations in India have perhaps been the most affected by the pandemic. India is one of the world's largest markets, but also the most competitive. During the spring, we evaluated the Indian operations, and made the decision to try to sell the operations to an external actor, and close down our own company in the country.

Finally, I would like to say that, despite my short time at the company, I see great potential for the company and its operations, which I will try to contribute to realizing with my experiences.

## Report of the board of directors

The board of directors and the managing director of Josab Water Solutions AB (publ) with registered office in Stockholm may hereby submit the annual report and consolidated report for the financial year 2021.

The annual report is prepared in thousands of Swedish kronor, KSEK.

### About Josab Water Solutions AB

Josab Water Solution AB is an innovative company, specialized in water purification systems mainly based on its own filter material Aqualite™. The company, which was established in 1999, today has four wholly-owned subsidiaries, Josab Hungary Kft, Josab India Private Ltd, JOSINT Financial Services AB, as well as the newly formed JBCI 2022 Holding AB. The former subsidiary Josab International Ecological Technologies (Beijing) Co., Ltd is today 49% owned. The company sells ecological water purification systems with completely unique properties regarding purification and filtration of heavy metals, organic material and bacteria. The technology is based on the company's unique Aqualite™ which is the commercial name for the naturally occurring mineral Zeolite - Clinoptilolite which is extracted from the company's own mine, Ratka Mines in Hungary.

Aqualite™ is the filter mass used in the water purification process and which, together with a special UV light, enables the production of safe and bacteria-free drinking water without any added chemicals.

Aqualite™ has properties that enable effective particle and heavy metal reduction, adsorption of chemicals and petroleum products, and reduction of bacteria, parasites and fungi. Aqualite™ has a long service life and is resistant to mechanical wear. Aqualite™ can filter out particles down to a size of 3-5 microns, compared to 25-50 microns for traditional sand and carbon filters. Since 2006, Josab Water Solutions, via its wholly owned subsidiary in Hungary, owns the mineral rights to the Ratka Mines deposit in Hungary.

The area where the mine is located has been a so-called historic site since February 15, 2012. The management plan for the world heritage published by the Hungarian government, which also affects our mining area, has determined that existing operations may continue to be carried out provided that the capacity is below 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 mainly built in containers, can also be built on site, and are delivered in various designs with capacities from 5 m3 up to 3000 m3 per day and which can also be connected in parallel if increased capacity is needed. It is a "plug and play" solution that is completed in the factory and thus can be put into operation within the same day as it arrived at a suitable water source. The technical solution is thus unique, ecological, scalable and energy efficient.

Josab Water Solutions AB has been listed on the Spotlight Stock Market during the year, but is delisted in the new year.

### Net sales and result

Net sales during the year amounted to SEK 2,914 (2,521) k for the group, and SEK 19 (1,799) k for the parent company. The result after tax was SEK -29,594 (-13,285) k for the group, and SEK -49,583 (-8,357,000) k for the parent company. Of the parent company's revenue, SEK 0 (previous year: SEK 620) k refers to group invoicing, which was eliminated group-wise in the previous year.

Other operating income refers to EU support for the production facility and government support for short-term layoffs.

### Changes to previous reports

In relation to the year-end report published on 25 February 2022, the following changes have taken place. The group is charged with a changed valuation of the mine in Hungary SEK 10,877 thousand, as well as a reservation of SEK 6,557 thousand in India for the closure of the operation, including 2 legal processes. At the same time, the parent company has given the subsidiary in Hungary a capital contribution of SEK 30 million through set-off, which has been written down in the parent company by the same amount for precautionary reasons. The decision to wind down the Indian operations has burdened earnings with SEK 12,177,000 as a write-down.

### Shareholding

The company's shares are held by 5,963 (6,521) shareholders and were traded during the year on Spotlight Stockmarket. The company is registered with Euroclear and is registered with the Companies Registry as public.

### Owner structure as of December 2021

<i>Holding, shares</i>	<i>Total shares</i>	<i>% of</i>	<i>Owners</i>	<i>Owners in %</i>
1 - 500	378 471	0,45	1 883	31,6
501 - 1 000	681 174	0,80	833	14,0
1 001 - 5 000	4 417 306	5,24	1 723	28,9
5 001 - 10 000	4 989 692	5,92	643	10,8
10 001 - 15 000	3 056 804	3,63	240	4,0
15 001 - 20 000	2 835 828	3,36	159	2,7
20 001 -	67 963 354	80,60	482	8,0
<b>Totalt</b>	<b>84 322 629</b>	<b>100</b>	<b>5 963</b>	<b>100</b>

### The 10 largest shareholders as of December 2021

<i>Name</i>	<i>Total shares</i>	<i>% of total</i>
Försäkringsbolag Avanza Pension	9 127 886	10,82
Vimab Holding AB	7 789 310	9,24
Clearstream Banking S.A.	5 252 060	6,23
Nordnet Pensionsförsäkring AB	2 909 125	3,45
Andrej Setina	1 863 330	2,21
Coeli Wealth Management AB	1 692 800	2,01
Iraj Arastoupour	1 050 000	1,25
Samuel Knoblauch	797 000	0,95
Marcus Jacobs	776 306	0,92
Markus Saari	769 298	0,91
<b>Totalt</b>	<b>32 027 115</b>	<b>37,99</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 share capital
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
2020	8 432 263	New share issue

***Insiders of the Company with participation***

<i>Namn</i>	<i>Number of shares</i>	
	2021	2020
Anna Bonde	21 169	-
Roland Johansson	7 000	7 472
Michael Sundin	100 000	-
Henry Koskela	270 000	270 000
Wilfrid Balmer	100 000	100 000
Peter Fredell *	7 789 310	7 789 310
<b>Totalt</b>	<b>8 287 479</b>	<b>8 166 782</b>

\* As board member/CEO in Vimab Holding AB

### **Significant events during the financial year**

The pandemic has greatly affected all the company's operations in 2021, but an improvement has taken place recently, which has made traveling and customer contacts easier.

In the spring, Josab Hungary received an order in Waste Water through a cooperation partner, Indufil Hungária Kft., where the end customer is MONO Ipolyfabrik Kft., which manufactures and finishes interior parts for the automotive industry. The project is produced, tested with the customer, and now, after the customer's own preparations, delivered to the customer's facility. A permit process is underway for MONO and the plant is expected to go into production in Q1, 2022. Revenue for the project is reported in 2021.

Josab Hungary also obtained an order for tests in Nigeria through the agent for the country, Peter Hummel, who obtained an aid through the Hungarian government to support this project. The test unit has been produced and delivered and testing is expected to begin after installation in Q1, 2022. Revenue for the project is reported in 2021.

A convertible loan of SEK 3.7 million from VIMAB Holding AB, originally amounting to SEK 6 million, has been repaid according to the loan terms without conversion. VIMAB Holding AB was Josab's single largest shareholder during the year.

At Josab's AGM, 3 members, Peter Fredell, Wilfrid Balmer and Klaus Kalb, were re-elected, while 2 members, Henry Koskela and Cai Jianwen, left the board. 2 new members were elected, Anna Bonde and Michael Sundin. Henry Koskela remained as the company's CEO.

Klaus Kalb, board member and chairman, has left the board after the summer due to illness, which is why the board after that consists of four members. Peter Fredell was elected chairman and the number of members will be adjusted at the next general meeting.

Josab's tests in China, together with the China Irrigation and Drainage Development Center (Chinese Ministry of Water), are complete. Due to Covid-related problems, the tests have been greatly delayed, and also prevented Josab's staff from physically participating in the tests. Tests were carried out on water containing heavy iron and manganese, clearly exceeding the limit values that apply to drinking water in China. The results of the tests were very good and the values fell below all set criteria for iron and manganese in drinking water.

After long negotiations, Josab has acquired 95.59% of Clear Industry, a Hong Kong-based parent company with operating companies in China. The acquisition, which takes place through an issue in kind, is valued at SEK 56.8 million, and is paid with shares in Josab, at a value of SEK 2.29 per share. The seller receives approximately 23.7 million shares, which will correspond to approximately 22% of the outstanding shares in Josab. Access takes place in connection with formal registration of ownership in Hong Kong. The agreement contains possible additional purchase prices, based on the next 2 years' results, of a total of 62.5 MRMB. Additional purchase price can be paid in shares, cash or a mix thereof. In connection with the acquisition, Josab must take out a loan of SEK 30 million to assist with financing working capital for the group's expansion plans.

Clear Industry primarily conducts business in the design and implementation of process facilities, EPC business in the industry for kitchen waste, Kitchen Waste, and in the field of industrial waste water, both in terms of hardware and software. The company is profitable and in 2021 is estimated to have a turnover of approx. SEK 100 million, and SEK 160 million in 2022.

Josab held an extraordinary general meeting on December 21, 2021 for the decision to acquire Clear Industry Company Limited, where 2 new members of the board linked to the acquisition in China were also elected. The new members Qi Kai and Yuan Wei are company leaders in Clear Industry in the form of CEO and CFO.

In connection with the publication of the acquisition, Spotlight Stockmarket has announced, and published, that Josab will undergo a so-called listing review, and during this time be placed on the observation list.

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

In January 2022, Josab has appointed Jane Jeppsson as the new CEO, and she thereby succeeds Henry Koskela, who remains as CFO.

Jane Jeppsson, born in China, has extensive experience in business in China, and vis-à-vis China since she moved to Sweden 13 years ago. Jane has helped several Swedish and Scandinavian companies establish themselves in the Chinese market.

Spotlight Stockmarket has changed its previously announced position regarding the listing review, based on the acquisition of Clear industry. As Spotlight lacks the capacity to shine a light on acquisitions of companies in China, Josab has instead been delisted and the last day for trading in the company's shares was March 15. Josab's management is working towards an early listing on another marketplace.

On February 1, Josab became the formal owner of Clear Industry, after owner registration in Hong Kong, and the company is included in the company's consolidation as a group from this date.

Josab has signed an exclusive distribution agreement with YQUOS SAS, a French company, for 11 French-speaking countries in Africa. The collaboration has already started, a test unit is in place in the Ivory Coast, and the next country in the development of this collaboration is Cameroon, which is expected to receive a unit before the summer of this year.

At the extraordinary general meeting in February, Gunnar Jardelöv was elected to the board, as an independent member, at the same time as Wilfrid Balmer left the board.

Michael Sundin left the board during the spring due to illness, whereby the board consists of five members until the upcoming general meeting.

New issue of 23,736,013 shares, decided on 21 December 2021, has been registered and used for payment of 95.59% in Clear Industry Company Limited.

After the deregistration, Josab's share can be traded on the Mangold list, until a new listing takes place on another trading venue.

During 2022, Josab has received financing of approx. 23 MSEK from VIMAB Holding AB, with maturity from 30 June, and at 9% interest. The financing has been used to fulfill a financing commitment towards Clear Industry according to the acquisition agreement from December 2021, as well as for running costs and investments in Josab's core business during the year 2022.

Regarding the war in Ukraine, we have not yet seen any direct effects for Josab in the markets we are active in, but indirect effects in the form of slow supply of components and increased freight costs may affect us in the future. We monitor the events on an ongoing basis to identify any future impact on our business.

### **Expected future development**

The group's organization has undergone some change during the year, with new technical staff, whereby product development and expanded sales, mainly in new areas for materials, have been in focus. The company is also reviewing the possibilities of investing in other areas related to water and environmental areas to create added value in the company. In addition to that, the company's operations have been significantly affected by covid-19, where, among other things, operations in India have come to a standstill 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 options to ensure funding 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 can be seen from the sections Significant events during the financial year and Significant events after the end of the financial year, the group has several projects in progress or in progress that the board believes can lead to

substantial income for the group.

The board is positive about the future and that the company, with ongoing and upcoming projects, a new sales focus, should be able to increase turnover significantly in the coming year and that the business should thus become cash flow positive. Should the company not be able to obtain financing through increased sales, the board needs to find other solutions to secure liquidity. The board maintains ongoing dialogue with financiers in order to be able to finance the business if necessary. However, any other financing is not secured when the annual report is issued. The fact that the financing is not secured is a significant uncertainty factor that could lead to significant doubts about the group's continued operation.

## Risks

The area where the mine is located is a so-called historic site. The management plan for the world heritage published by the Hungarian government, which also affects our mining area, has determined that existing operations may continue to be carried out provided that the capacity is below 500 tons/day, and that no new mining rights will be granted that exploit very valuable land in the area. The board therefore assesses the risk that the company will not be able to continue producing Aqualite™ for the foreseeable future as minimal.

The company's environmental permit at the mine has been extended in 2017, and the technical permit in 2018, and is valid for periods of 10 years. The board sees no risk that the permits will not be renewed in the future as well, based on the company's growth in the area and good and ongoing contacts with the relevant authorities.

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

### Group, SEK k

	2021-12-31	2020-12-31	2019-12-31	2018-12-31	2017-12-31
Net sales	2 914	2 521	2 765	4 005	989
Operating profit/loss	-16 461	-12 590	-23 370	-16 560	-15 693
Profit/loss after financial items	-29 594	-13 285	-24 684	-19 386	-16 015
Balance sheet total	56 067	43 148	51 603	57 760	84 232
Equity	27 804	32 199	35 418	26 593	45 262
Equity per share, SEK	0,33	0,38	0,46	0,36	0,61
Equity ratio, %	50	75	69	46	54
Average number of employees	21	22	22	22	24

### Parent company, SEK k

	2021-12-31	2020-12-31	2019-12-31	2018-12-31	2017-12-31
Net sales	19	1 799	1 312	1 406	74
Operating profit/loss	-6 311	-8 405	-10 312	-8 609	-10 210
Profit/loss after financial items	-49 583	-8 357	-23 600	-10 760	-9 993
Balance sheet total	44 085	57 548	54 704	60 098	73 575
Equity	24 242	49 377	42 002	32 356	43 111
Equity per share, SEK	0,29	0,38	0,55	0,48	0,58
Equity ratio, %	55,0	85,8	76,8	53,8	58,6
Average number of employees	3	4	4	4	4



### **Proposed appropriation of profits**

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

	<i>SEK</i>
Share premium reserve	171 019 560
Ackumulated profit/loss	-108 000 366
Profit/loss for the year	-49 582 846
<b>Total</b>	<b>13 436 348</b>
Be distributed as follows:	
To be retained in the business	13 436 348
<b>Total</b>	<b>13 436 348</b>

With regard to the company's results and position in general, reference is made to the subsequent income and balance sheets with associated financial statement comments for the group and the parent company.

## Konsolidated income statement

SEK, k	Note	2021-01-01- 2021-12-31	2020-01-01- 2020-12-31
<b>Operating income</b>			
Net sales	3	2 914	2 521
Change in inventory		-	696
Other operating income	5	1 120	1 277
		4 034	4 494
<b>Operating expenses</b>			
Raw materials and consumables		-2 133	-2 544
Other operating expenses	9,10	-10 632	-8 107
Personnel costs	8	-6 002	-5 801
Share in associated companys result	11	-246	456
Deprecciation and write downs	6	-12 623	-1 088
<b>Operating profit/loss</b>		-27 602	-12 590
<b>Result from financial items</b>			
Interest income and similar items	12	68	233
Interest expenses and similar items	13	-2 060	-928
<b>Profit/loss after financial items</b>		-29 594	-13 285
<b>Profit/loss before tax</b>		-29 594	-13 285
<b>Profit/loss for the year</b>		-29 594	-13 285

## Konsolidated Balance Sheet

SEK k	Note	2021-12-31	2020-12-31
<b>ASSETS</b>			
<i>Subscribed but not paid capital</i>	15	24 448	-
<b>Fixed assets</b>			
<i>Intangible assets</i>			
Mining rights in Hungary	16	2 079	2 064
		2 079	2 064
<i>Property, plant and equipment</i>			
Land, open-cut mine in Hungary	17	12 303	22 865
Plant and machinery	18	1 290	1 908
Equipment, tools, fixtures and fittings	19	117	1 000
		13 710	25 773
<i>Financial assets</i>			
Shares in associated companies	22	1 101	1 346
Receivables from associated companies		1 453	1 236
Other long-term receivables	23	132	132
		2 686	2 714
<b>Total fixed assets</b>		18 475	30 551
<b>Current assets</b>			
<i>Inventory</i>			
Raw materials and consumables		17	17
Finished products and good for resale		2 442	2 499
Advances to suppliers		90	-
		2 549	2 516
<i>Current receivables</i>			
Account receivables - trade		238	268
Other receivables		2 330	2 375
Prepaid expenses and accrued income		1 432	345
		4 000	2 988
<i>Cash and bank</i>	24	6 594	7 093
<b>Total current assets</b>		13 143	12 597
<b>TOTAL ASSETS</b>		56 066	43 148

## EQUITY AND LIABILITIES

### *Equity*

Share capital		8 432	8 432
Other contributed capital		145 314	120 866
Revaluation reserve		11 305	21 817
Other equity including profit/loss for the year		-137 247	-118 916
Total equity		27 804	32 199

<i>Non current liabilities</i>	26	1 222	1 222
Borrowings		1 222	1 222

<i>Current liabilities</i>			
Current part of borrowings	26	14 000	3 609
Advance payments from customers		28	21
Accounts payable - trade		2 190	886
Current tax liability		149	-
Other current liability	30	1 734	1 279
Accrued expenses and deferred income	27	8 939	3 932
		27 040	9 727

<b>TOTAL EQUITY AND LIABILITY</b>		<b>56 066</b>	<b>43 148</b>
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## Consolidated cash flow statement

SEK k	Note	2021-12-31	2020-12-31
<b>Operating activities</b>			
Profit/loss after financial items		-29 594	-13 285
Adjustment for non-cash items	31	13 216	-675
Taxes paid		-70	-14
<b>Cash flow from operating activities before working capital changes</b>		<b>-16 448</b>	<b>-13 974</b>
<i>Cash flow from working capital changes</i>			
Increase (-)/Decrease (+) in inventories		-33	274
Increase (-)/Decrease (+) in current receivables		-1 102	192
Increase (+)/Decrease (-) in current liabilities		6 922	119
<b>Cash flow from operating activities</b>		<b>-10 661</b>	<b>-13 389</b>
<b>Investing activities</b>	31		
Investment in property, plant and equipment		-138	-74
<b>Cash flow from investing activities</b>		<b>-138</b>	<b>-74</b>
<b>Financing activities</b>			
New share issue(s), net after issuance expenses		-	11 555
Borrowings		24 500	459
Redemption of debts		-14 200	-1 815
<b>Cash flow from financing activities</b>		<b>10 300</b>	<b>10 199</b>
<b>Cash flow for the year</b>		<b>-499</b>	<b>-3 264</b>
<b>Cash and bank at the beginning of the year</b>		<b>7 093</b>	<b>10 357</b>
<b>Cash and bank at the end of the year</b>		<b>6 594</b>	<b>7 093</b>

## Change in consolidated equity

	<i>Share capital</i>	<i>Other contribut capital</i>	<i>Share premium reservew</i>	<i>Other equity incl. profit/loss for the year</i>
Opening balance, Jan 01, 2020	7 632	105 954	23 218	-101 386
Translation differences	-	-20	-1 401	-4 245
New share issue net	800	14 932	-	-
Profit/loss for the year	-	-	-	-13 285
<b>Equity, Dec 31, 2020</b>	<b>8 432</b>	<b>120 866</b>	<b>21 817</b>	<b>-118 916</b>
Opening balance, Jan 01, 2021	8 432	120 866	21 817	-118 916
Translation differences	-	-	90	661
New share issue under registration	-	24 448	-	-
Revaluation write-up	-	-	-10 602	10 602
Profit/loss for the year	-	-	-	-29 594
<b>Equity, Dec 31, 2021</b>	<b>8 432</b>	<b>145 314</b>	<b>11 305</b>	<b>-137 247</b>

## Parent company – Income statement

SEK k	Not	2021-01-01- 2021-12-31	2020-01-01- 2020-12-31
<b>Operating income</b>	4		
Net sales	3	19	1 799
Other operating income	5	676	891
		695	2 690
<b>Operating expenses</b>	4		
Raw materials and consumables		-24	-435
Other operating expenses	9,10	-3 123	-5 817
Personnel costs	8	-3 809	-4 782
Depreciation and write downs		-50	-61
<b>Opearating profit/loss</b>		-6 311	-8 405
<b>Result from financial items</b>			
Result from shares and receivables from subsidiaries	7	-42 177	-
Interest income and similar profit items	12	952	891
Interest expences and similar items	13	-2 047	-843
<b>Result after financial items</b>		-49 583	-8 357
<b>Result before tax</b>		-49 583	-8 357
<b>Taxes</b>	14	-	-
<b>Profit/loss for the year</b>		-49 583	-8 357

## Parent company – Balance Sheet

SEK k	Not	2021-12-31	2020-12-31
<b>ASSETS</b>			
<i>Subscribed but not paid capital</i>	15	24 448	-
<b>Fixed assets</b>			
<i>Property, plant and equipment</i>			
Equipment, tools, fixtures and fittings	19	116	166
		116	166
<i>Financial assets</i>			
Participation in group companies	20	1 694	12 019
Long-term receivables, group companies	21	12 443	40 459
Shares in associated companies	22	1 395	1 395
Receivables associated companies		1 236	1 236
Other long-term receivables	23	132	132
		16 900	55 241
<b>Total fixed assets</b>		17 016	55 407
<b>Current assets</b>			
<i>Current receivables</i>			
Short-term receivables, group companies		-	242
Other receivables		289	275
Prepaid expenses and accrued income		1 217	216
		1 506	733
<i>Cash and bank</i>	24	1 115	1 408
<b>Total current assets</b>		2 621	2 141
<b>TOTAL ASSETS</b>		44 085	57 548



## EQUITY AND LIABILITY

### *Equity*

#### *Restricted equity*

Share capital		8 432	8 432
Not registereds hare capital		2 374	-
		10 806	8 432

#### *Not-restricted capital*

Share premium reserve		171 019	148 945
Accumulated profit/loss		-108 000	-99 643
Profit/loss for the year		-49 583	-8 357
		13 436	40 945

<b>Total equity</b>		<b>24 242</b>	<b>49 377</b>
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### *Non-current liabilities*

Borrowings	26	1 222	1 222
		1 222	1 222

### *Current liabilities*

Current part of borrowings	26	14 000	3 609
Accounts payable - trade		1 753	537
Current tax liability		149	-
Other current liability	30	1 154	680
Accrued expenses and deferred income	27	1 565	2 123
		18 621	6 949

<b>TOTAL EQUITY AND LIABILITY</b>		<b>44 085</b>	<b>57 548</b>
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## Parent company – Cash flow statement

SEK k	Not	2021-12-31	2020-12-31
<b>Operating activities</b>			
Result after financial items		-49 583	-8 357
Adjustments for non-cash items	31	42 388	253
Taxes paid		-70	-14
<b>Cash flow from operating activities before working capital changes</b>		<b>-7 265</b>	<b>-8 118</b>
<i>Cash flow from working capital changes</i>			
Increase (-)/Decrease (+) in current receivables		-772	-835
Increase (+)/Decrease in current liabilities		1 280	825
<b>Cash flow from operating activities</b>		<b>-6 757</b>	<b>-8 128</b>
<b>Investing activities</b>	31		
Investment in property, plant and equipment		-3 836	-3 137
<b>Cash flow from investing activities</b>		<b>-3 836</b>	<b>-3 137</b>
<b>Financing activities</b>			
New share issue (s), net		-	11 555
Borrowings		24 500	459
Redemption of debt		-14 200	-1 815
<b>Cash flow from financing activities</b>		<b>10 300</b>	<b>10 199</b>
<b>Cash flow for the year</b>		<b>-293</b>	<b>-1 066</b>
<b>Cash and bank in the beginning of the year</b>		<b>1 408</b>	<b>2 474</b>
<b>Cash and bank at the end of the year</b>		<b>1 115</b>	<b>1 408</b>

## Parent company – change in equity

<i>Restricted equity</i>	<i>Share capital</i>	<i>Nor reg. capital</i>	<i>Share prem reserve</i>	<i>Ackumul. Profit/loss</i>	<i>Profit/loss For the year</i>
Opening balance, Jan 1, 2020	7 632	-	134 013	-76 043	-23 600
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>-</b>	<b>148 945</b>	<b>-99 643</b>	<b>-8 357</b>
Opening balance, Jan 1, 2021	8 432	-	148 945	-99 643	-8 357
New share issue, not registered	-	2 374	22 074	-	-
Closing balance of previous year	-	-	-	-8 357	8 357
Profit/loss for the year	-	-	-	-	-49 583
<b>Equity, Dec 31, 2021</b>	<b>8 432</b>	<b>2 374</b>	<b>171 019</b>	<b>-108 000</b>	<b>-49 583</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 in accordance with the Annual Accounts Act and the Accounting Board's general advice BFAR 2012:1 Annual report and consolidated accounts (K3). The principles are unchanged compared to the previous year.

#### Valuation principles

Assets, provisions and liabilities have been valued at acquisition value unless otherwise stated below.

Receivables have been recorded at the amount with which they are estimated to have an effect.

Exchange rate differences on operating receivables and operating liabilities are reported net in the operating profit, while exchange rate differences on financial receivables and liabilities are reported net as a financial item.

#### *Inventories*

The inventory is recorded at the lower of the acquisition value and the net sales value. In doing so, obsolescence risk has been taken into account. The acquisition value is calculated according to the first-in-first-out principle. In addition to purchase expenses, the acquisition value also includes expenses for bringing the goods to their current location and condition.

In self-manufactured semi-finished and finished products, the acquisition value consists of direct manufacturing costs and the indirect costs that make up more than an insignificant part of the total cost of manufacturing. Normal capacity utilization has been taken into account in the valuation. Necessary deduction for obsolescence has been made.

#### *Revenue Recognition*

Sales of goods and machines are reported when ownership has passed to the customer according to the terms of sale. In the sale of machines, ownership is normally transferred upon approved installation and in the sale of goods when delivery takes place to the customer. The income is reported at the exchange rate on the day of the transaction.

Income 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 sharing of the water income. The income is reported in the period the water sale takes place.

#### *Public subsidies*

Accounting for grants related to fixed assets.

Public support from EU grants has been recognized as prepaid income and will be recognized as income systematically over the useful life of the asset.

Government subsidies for short-term layoffs received due to covid-19 are reported in other income up to and including December 2021. The subsidies are reported at the fair value of what is expected to be received when it is considered certain that the company will be able to receive the subsidies.

### **Intangible assets**

Intangible assets acquired by the company are reported at acquisition value minus accumulated depreciation and write-downs. Expenses for internally generated goodwill and trademarks are reported in the income statement as costs when they arise. The expenses for extended patents are expensed directly in the period they relate to.

Mining rights in Hungary are amortized according to plan based on actual annual withdrawal.

### **Tangible fixed assets**

Tangible fixed assets are reported at acquisition value less accumulated depreciation and write-downs with additions for revaluations reported as tangible fixed assets and are depreciated according to the same principle as acquisition value. In addition to the purchase price, the acquisition value also includes expenses that are directly attributable to the acquisition.

### **Additional expenses**

Additional expenses that meet the asset criterion are included in the asset's reported value. Expenditures for ongoing maintenance and repairs are reported as costs when they arise.

### **Depreciation**

Tangible fixed assets are depreciated according to plan over the expected period of use, taking into account significant residual value. Depreciation is reported as an expense in the income statement.

The following depreciation periods apply:

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

Land, Open pit mining in Hungary is depreciated according to plan based on actual annual withdrawal.

### **Foreign currency**

Receivables and liabilities in foreign currency have been converted to the exchange rate on the balance sheet date.

The following exchange rates have been used when recalculating the foreign subsidiary's income statement and balance sheet.

<i>Country</i>	<i>Currency</i>	<i>Code</i>	<i>Average exchange rate</i>		<i>Closing exchange rate</i>	
			<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>
Hungary	100	HUF	2,832	2,989	2,7718	2,7524
India	100	INR	11,560	12,453	12,1579	11,170

### **Taxes**

Reported income taxes include tax to be paid or received for the current year, adjustments for previous years' current tax, and share in associated company tax.

Tax debts/receivables are valued at what, according to the company's judgment, must be paid to or

received from the tax authorities. The assessment is made according to the tax rules and tax rates decided on the balance sheet date. For items reported in the income statement, related tax effects are also reported in the income statement. Tax effects of items that are reported directly against equity are reported directly against equity. Current tax receivables/tax liabilities, respectively deferred tax receivables/tax liabilities have been set off, and reported net in the balance sheet, to the extent that there is deemed to be a legal right of set-off.

#### ***Deferred Tax***

Tax on the year's profit in the income statement consists of current tax and deferred tax. Deferred tax is income tax for taxable income for future financial years as a result of previous transactions or events.

Deferred tax liability is reported for all taxable temporary differences, however not for temporary differences arising from the initial recognition of goodwill. Deferred tax assets are reported for deductible temporary differences and for the possibility of using tax loss deductions in the future. The valuation is based on how the reported 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 decided before the balance sheet date and have not been calculated at present value.

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

#### ***Employees benefits***

Short-term benefits to employees consist of salary, social security contributions, paid vacation, paid sick leave, medical care and bonus. Short-term compensation is reported as an expense and a liability when there is a legal or informal obligation to pay compensation.

#### ***Pensions***

All of the company's pension plans have been classified as defined contribution and are reported as an expense. Unpaid fees are reported as debt.

In defined contribution plans, fixed fees are paid to another company, normally an insurance company, and no longer have any obligation to the employee once the fee is paid. The size of the employee's compensation after termination of employment is dependent on the fees paid and the return on capital that the fees provide.

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

Financial assets and liabilities are reported in accordance with chapter 11 (Financial instruments valued based on acquisition value) in BFNAR 2012:1.

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

Financial assets are removed from the balance sheet when the right to receive cash flows from the instrument has expired or been transferred and the Group has transferred substantially all the risks and rewards associated with ownership.

Financial liabilities are removed from the balance sheet when the obligations have been settled or otherwise terminated.

#### ***Accounts receivable and other receivable.***

Receivables are reported as current assets with the exception of items with a due date more than 12 months after the balance sheet date, which are classified as fixed assets. Receivables are taken up to the amount expected to be paid after deduction for individually assessed bad debts.

#### Ownership interests

Holding of shares in another company that is intended to promote the business of Josab Water Solutions by creating a lasting connection with the other company is reported as an ownership interest. The holdings are held for the long term. Assets included in the item are initially reported 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 mainly consists of shares and a small holding of interest-bearing assets. The holdings are held for the long term. Assets included in the item are initially reported 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 accounting at amortized cost using the effective interest method, reduced by any provision for impairment.

#### Loan debts and accounts payable

Loans are initially reported at acquisition value after deduction for transaction costs (amortized acquisition value). If the reported amount differs from the amount to be repaid at maturity, the difference is accrued as interest expense over the term of the loan using the instrument's effective interest rate. Hereby, at the due date, the reported amount and the amount to be repaid correspond.

Short-term trade payables are reported at acquisition value.

#### ***Convertible instruments***

When issuing convertible debt instruments, the proceeds have been distributed between the debt component and the equity component. The debt amount has been determined at the fair value of a similar debt that does not have the right to conversion. Direct expenses in connection with issues have been distributed between the debt component and the equity component based on the relative fair values of each component. After the year in which a convertible debt instrument was issued, any difference between the debt component and the amount to be paid on the due date has been systematically reported as an additional interest expense.

#### ***Equity***

Transactions in equity are reported net of subsequent tax effects.

#### ***Impairments - non-financial assets***

When there is an indication that the value of an asset has decreased, an impairment test is carried out. If the asset has a recovery value that is lower than the reported value, it is written down to the recovery value. When assessing the need for impairment, the assets are grouped at the lowest levels where there are separate identifiable cash flows (cash-generating units). For assets, other than goodwill, which have previously been written down, an assessment is made on each balance sheet day as to whether a 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 decrease 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 shares and other individual financial fixed assets that are material. Impairment for assets valued at amortized cost is calculated as the difference between the asset's reported value and the present value of company management's best estimate of the future cash flows discounted with 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 for the securities portfolio with interest instruments, an effective interest rate for the portfolio that is used in the discounting is determined in the corresponding manner. If write-down of shares takes place, the write-down amount is determined as the difference between the reported value and the higher of the fair value less sales costs and the present value of future cash flows (which is based on the company management's best estimate).

### **Group accounts**

The consolidated financial statements are prepared according to the acquisition method. In the acquisition method, a company's acquisition of a subsidiary is regarded as a transaction whereby the parent company indirectly acquires the subsidiary's assets and takes over its liabilities.

The reporting of business combinations is based on the unit approach. This means that the acquisition analysis is prepared as of the time when the acquirer gains controlling influence. From this point on, the acquirer and the acquired entity are seen as one accounting entity. The application of the unit approach further means that all assets (including goodwill) and liabilities as well as income and expenses are included in their entirety, even for partially owned subsidiaries.

In the acquisition analysis, the fair value at the time of acquisition of acquired identifiable assets and assumed liabilities is determined. From the acquisition date, the acquired company's income and expenses, identifiable assets and liabilities as well as any goodwill or negative goodwill that has arisen are included in the consolidated accounts.

### **Subsidiary**

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 means a right to shape a company's financial and operational strategies in order to obtain financial benefits.

The acquisition value for subsidiaries is calculated as the sum of the fair value at the time of acquisition for paid-up assets with the addition of incurred and assumed liabilities as well as expenses that are directly attributable to the business combination as well as any additional purchase price.

### **Recalculation of foreign subsidiaries**

Financial statements of foreign subsidiaries have been converted to Swedish kronor according to the current rate method. The current exchange rate method means that all assets, provisions and other liabilities are converted to the exchange rate on the balance sheet date and all items in the income statement are converted to the year's average exchange rate. Any resulting translation differences are transferred directly to the group's equity.

### **Associated companies**

Shareholdings in associated companies, in which the group has a minimum of 20% and a maximum of 50% of the votes or otherwise has significant influence over the operational and financial management, are reported according to the equity method. The equity method means that the reported value of shares in associated companies in the group corresponds to the group's share in the associated companies' equity, any residual values of group surplus and deficit values, including goodwill and negative goodwill reduced by any internal profits. In the group's income statement, the group's share in the associated company's profit after tax is reported as "Share in associated company's profit", adjusted for possible depreciation of or reversals of acquired excess or undervalues, including depreciation of goodwill/ dissolution of negative goodwill. Dividends received from associated companies reduce the reported value.

### **Leasing - lessees**

All leases are reported as operational leases, as they do not meet the criteria for being reported as financial leases.



### ***Operating leases***

The leasing fees according to operational leasing agreements, including increased initial rent but excluding expenses for services such as insurance and maintenance, are reported as costs linearly over the lease period.

### ***Cash flow analysis***

When preparing the cash flow analysis, the indirect method has been applied. Indirect method means that the result is adjusted for transactions that did not result in receipts or payments, accrued or prepaid items that refer to previous or future periods, and for any income and expenses that are attributable to the cash flows of investment activities or financing activities. Cash flow analysis When preparing the cash flow analysis, the indirect method has been applied. Indirect method means that the result is adjusted for transactions that did not result in receipts or payments, accrued or prepaid items that refer to previous or future periods, and for any income and expenses that are attributable to the cash flows of investment activities or financing activities.

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

### ***Equity***

In the parent company, equity is divided into restricted and unrestricted equity, in accordance with the division of the Annual Accounts Act.

### ***Shares in subsidiaries and associated companies***

In the parent company, shares in subsidiaries, as well as shares in associated companies, are reported at acquisition value less write-downs.

### ***Definitions of key figures***

#### ***Solidity***

Adjusted equity as a percentage of total assets.

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

Equity in relation to the number of shares at the end of the financial year, with additions for outstanding and subscribed, convertibles and options.

## **Note 2 Accounting estimates**

Josab Water Solutions makes estimates and judgments about the future. The estimates for accounting purposes that result from these will, by definition, rarely correspond to the actual result. The estimates and assumptions that entail a significant risk of significant adjustments in reported values for assets and liabilities in the coming year are dealt with in outline below.

### **Land, open pit Hungary**

The group reports Land, open pit Hungary at a value of SEK 14.4 million (SEK 22.9 million) in the balance sheet, which refers to the mining deposit consisting of the mineral Zeolite in Hungary. The mineral is the basis for the company's technology and the foundation for the company's revenue model. The board examines the mine's value in use annually or when there is an indication that the value in use is less than the book value of the opencast mine. As a basis for the board's assessments, an external valuation has been carried out by a local valuation company. A revaluation of the deposit has taken place in 2021, after external valuation, with -8,523 KSEK. This is mainly based on expected lower machine sales, with higher material prices, and more sales of lower valued materials.

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 higher than the prices obtained in 2020 and 2021.

The board assesses that the unit price for Aqualite™ obtained from the sale of machinery and as an input product for water purification can be kept significantly higher than unit prices for smaller sales of residual products for agriculture and research, which have been the main sales during 2020 and 2021. The board and management's assessment continues that the mining discovery will be able to generate cash flows in excess of its book value.

Substantial deviations between those forecasts and actual outcomes, as well as changes in the discount rate, can result in a changed assessment of the asset's value.

#### Subsidiary

Shares and claims on subsidiaries amount to SEK 14,137,000. A revaluation of the subsidiary in Hungary has taken place based on several years of losses and the current situation in the company in terms of sales and actual orders. This has resulted in a write-down of the value of the company by SEK 30,000,000 in the financial statements. The subsidiary in India has also been written down by SEK 10,350,000 for precautionary reasons, based on the board's decision to wind down operations. The board assesses the fair value of the assets based on expected future returns. The board assesses that the valuation is reasonable with regard to today's development and potential in several areas, after the year's revaluation of shares in subsidiaries.\_

#### Deferred tax assets

Deferred tax receivables are only reported to the extent that the board makes the assessment that the loss deduction will only be able to be used against future profits. As of the balance sheet date, the group has SEK 153,778,000 in unused loss deductions, of which SEK 120,231,000 refers to the parent company and SEK 33,547,000 to Josab Hungary Kft. No deferred tax asset has been activated in respect of unused loss deductions, as the board considers the possibility of using these in the future to be uncertain.

### **Note 3 Purchases and sales between subsidiaries and parent company**

	2021-01-01- 2021-12-31	2020-01-01- 2020-12-31
<b>Group</b>		
<i>Net sales per geographical market</i>		
Asia	3	1 179
Sweden	-	-
Europe, other	2 911	1 342
	2 914	2 521
<b>Parent company</b>		
<i>Net sales per geographical market</i>		
Asia	-	1 796
Sweden	-	-
Europe, other	19	3
	19	1 799

**Note 4 Purchases and sales between group companies and parent company**

	2021-12-31	2020-12-31
<b>Parent company</b>		
Purchases in relation to total merchandise purchases, %	0	
Sales in relation to net sales, %	100	100

**Note 5 Other operating income**

	2021-01-01- 2021-12-31	2020-01-01- 2020-12-31
<b>Group</b>		
Received EU subsidy	444	386
Other	676	891
<b>Total</b>	<b>1 120</b>	<b>1 277</b>
<b>Parent company</b>		
Other	676	891
<b>Total</b>	<b>676</b>	<b>891</b>

Dissolution EU grant for the production facility in Hungary is proportional and is calculated as the grant's share of total investment times the decrease in value of the facility.

Other income in the parent company refers to compensation for short-term layoffs due to Covid-19.

**Note 6 Depreciation and write-downs of tangible and intangible assets**

	2021-01-01- 2021-12-31	2020-01-01- 2020-12-31
<b>Group</b>		
Depreciation of tangible fixed assets	-1 728	-1 088
Impairment mining valuation	-10 895	-
	<b>-12 623</b>	<b>-1 088</b>

**Note 7 Result from shares and receivables From subsidiaries**

	2021-01-01- 2021-12-31	2020-01-01- 2020-12-31
Impairment Josab Hungary KFT	-30 000	-
Impairment Josab India PVT	-12 177	-
	<b>-42 177</b>	<b>-</b>

## Note 8 Employees and Personnel Costs

### *Average number of employees*

	2021-01-01- 2021-12-31	2020-01-01- 2020-12-31
Parent company	3	4
Subsidiaries	18	18
<b>Group, total</b>	<b>21</b>	<b>22</b>

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

	2021-01-01- 2021-12-31	2020-01-01- 2020-12-31
<b>Parent company</b>		
Board and CEO	1 415	1 999
Other employees	1 279	1 392
Total	2 694	3 391
Social security expenses	1 064	1 327
(of which pension expenses) 1)	253	337
<b>Group</b>		
Board and CEO 4)	2 289	3 320
Other employees 3)	2 259	1 981
Total	4 548	5 301
Social security expenses	1 455	1 585
(of which pension expenses) 2)	253	337

1) Of the parent company's pension costs, SEK 140,000 (previous year: SEK 220,000) relates to the company's management for 1 (2) person. The company's outstanding pension obligations to these amount to SEK 0 (previous year: SEK 0).

2) Of the group's pension costs, SEK 231,000 (previous year: SEK 220,000) relates to the company's management for 2 (2) people. The group's outstanding pension obligations to these amount to SEK 0 thousand (previous year: SEK 0 thousand).

3) Of the wage costs in the group, a total of SEK 0 (previous year: SEK 0) has been capitalized at the production plant and in stock, or is included in the cost of goods sold, in proportion to the work done.

4) Board fees for 2021 have been paid as salary.

## Remuneration to senior executives

### Group 2021

<i>Name</i>	<i>Base salary/ Board fee</i>	<i>Pension- expenses</i>	<i>Other remuneration</i>	<i>Total</i>
<b>Chairman</b>				
Peter Fredell (6 months)	71	-	-	71
Klaus Kalb (6 months)	72	-	-	72
<b>Board members</b>				
Anna Bonde	48	-	-	48
Michael Sundin	48	-	-	48
Jian Wen Cai	48	-	-	48
Peter Fredell (6 months)	48	-	-	48
Wilfrid Balmer*	-	-	597	597
<b>Managing director/CEO</b>				
Henry Koskela	958	140	-	1 098
Other senior management	1 174	91	-	1 265
<b>Summa</b>	<b>2 467</b>	<b>231</b>	<b>597</b>	<b>3 295</b>

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

In addition to the above, no board member or senior executive in Josab - either themselves, via companies or our related parties - is directly or indirectly involved in any business transaction with Josab.

Josab has not provided loans, guarantees or sureties for the benefit of Josab's board members, senior executives or its auditor.

### **Agreement with managing director including severance pay**

CEO agreement signed with Henry Koskela to apply from May 1, 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, a severance pay of six months is paid in addition to termination pay. There is no bonus agreement with the current CEO.

## Note 9 Remuneration to auditors

	<i>2021-01-01- 2021-12-31</i>	<i>2020-01-01- 2020-12-31</i>
<b>Group</b>		
<i>PricewaterhouseCoopers</i>		
Audit engagement, Sverige	409	437
Audit engagement beyond the auditory assignment	223	-
<b>Total</b>	<b>632</b>	<b>437</b>
<b>Parent company</b>		
<i>PricewaterhouseCoopers AB</i>		
Audit engagement	409	437
Audit engagement beyond the auditory assignment	223	-
<b>Total</b>	<b>632</b>	<b>437</b>

Revisionsverksamhet utöver revisionsuppdraget är 223 KSEK kopplat till förvärvet av Clear Industry och redovisas som en förutbetalad kostnad då det kommer att ingå som en del av anskaffningsvärdet på Clear Industry.

## Note 10 Operational leasing - lessees

	2021-01-01- 2021-12-31	2020-01-01- 2020-12-31
<b>Group</b>		
<i>Assets held in operational leasing</i>		
Expensed leasing fees	472	544
Total leasing cost	472	544
Contracted minimum lease payments for non-revocable contracts, with maturity:		
Within one year	594	544
Between one and 5 years	153	853
	747	1 397
<b>Parent company</b>		
<i>Assets held in operational leasing /</i>		
Expensed leasing fees	306	306
Total leasing cost	306	306
Contracted minimum lease payments for non-revocable contracts, with maturity		
Within one year	306	306
Within one and five years	153	459
	459	765

## Note 11 Share in associated companys result

	2021-01-01- 2021-12-31	2020-01-01- 2020-12-31
Result of reclassification to associated companies	-	430
Share in associated companys result	-246	26
Total	-246	456

In 2020, a direct investment was made in Josab's Chinese subsidiary, Josab (Beijing) Ecological Water Treatment Co. Ltd, with Josab Water Solutions' ownership reduced from 100% to 49%. In connection with this, the holding in Josab (Beijing) Ecological Water Treatment Co. is revalued. Ltd, from subsidiary to associated company at its fair value, whereby a profit arises on the holding of SEK 430,000.

**Note 12 Other interest income and similar items**

	<i>2021-01-01- 2021-12-31</i>	<i>2020-01-01- 2020-12-31</i>
<b>Group</b>		
Interest income	68	233
	68	233
<b>Parent company</b>		
Interest income, group companies	952	890
Interest income, others	-	1
	952	891

**Note 13 Interest expenses and similar items**

	<i>2021-01-01- 2021-12-31</i>	<i>2020-01-01- 2020-12-31</i>
<b>Group</b>		
Interest expenses, others	-2 060	-928
	-2 060	-928
<b>Parent company</b>		
Exchange differences	1	-
Interest expenses, others	-2 048	-843
	-2 047	-843

**Note 14 Taxes**

	<i>2021-01-01- 2021-12-31</i>	<i>2020-01-01- 2020-12-31</i>
<b>Group</b>		
Current tax	-	-
Deferred tax	-	-
	-	-
<b>Parent company</b>		
Current tax	-	-
Deferred tax	-	-

The group's total tax losses amount to SEK 153,778 thousand, of which the parent company's to SEK 120,231 thousand

- -

**Not Reconsiliation, effective tax**

	2021	2020
<b>Group</b>		
Profit/loss before tax	-29 594	-13 285
Tax according to the applicable tax rate for the parent company	6 096	2 843
Tax effect of non-deductible costs	-2 639	38
Tax deficit that is not capitalized	-3 457	-2 881
<b>Reported tax expense</b>	-	-
<b>Parent company</b>		
Profit/loss before tax	-49 583	-8 357
Tax according to the applicable tax rate for the parent company	10 214	1 788
Tax effect of non-deductible costs	-8 726	38
Tax deficit that is not capitalized t	-1 488	-1 826
<b>Reported tax expence</b>	-	-

**Note 15 Subscribed but not paid capital**

Refers to shares for the acquisition of 95.59% of Clear Industry Company Limited. The decision was taken on 2021-12-21 and concerns 23,736,013 shares at the balance sheet date's rate of SEK 1.03. Registration took place on 2022-03-02 and at a rate of SEK 0.80.

**Note 16 Mining rights in Hungary**

<b>Group</b>	2021-12-31	2020-12-31
<i>Acquisition value:</i>		
-Opening balance	2 064	2 361
-Translation differences this year	15	-297
<b>Closing balance</b>	<b>2 079</b>	<b>2 064</b>

The group owns via the subsidiary Josab Hungary Kft. the mining right for the area "Ratka-Vasút menti Zeolite" which is declared mining area in accordance with decision 1880/1991 KBF of Miskolc District Inspectors of Mines. The area of the area amounts to 16 ha.



**Note 17 Land, open-cut mine in Hungary**  
**Group**

	2021-12-31	2020-12-31
<i>Acquisition value:</i>		
-Opening balance	2 946	3 369
-Acquisitions	-	-
-Translation differences this year	21	-423
	2 967	2 946
<i>Akkumulated depreciations according to plan:</i>		
-Opening balance	-407	-366
-This years depreciation according to plan	-58	-
-Translation differences this year	-3	-41
	-468	-407
<i>Akkumulated appreciations:</i>		
-Opening balance	20 326	23 218
-Write downs	-10 603	-
-Transaltion differences this year	81	-2 892
	9 804	20 326
<b>Closing balance</b>	<b>12 303</b>	<b>22 865</b>

In connection with the 2021 annual accounts, the board has taken in a new valuation from an independent party. This valuation indicates that the value of the mine has decreased. This comes from reduced expected sales of materials and increased prices for production. The board assesses that the value after write-down corresponds to the yield value of the mine.

**Note 18 Plant and machinery**  
**Group**

	2021-12-31	2020-12-31
<i>Acquisition valye:</i>		
-Opening balance	6 227	6 861
-Acquisitions, net	138	74
-Transaltion differences this year	43	-708
	6 408	6 227
<i>Akkumulated depreciations according to plan:</i>		
-Opening balance	-4 319	-3 840
-This years depreciation according to plan	-777	-837
-Transaltion differences this year	-22	358
	-5 118	-4 319
<b>Closing balance</b>	<b>1 290</b>	<b>1 908</b>
Machinery held under financial leasing agreements included with the following amount:	<i>Inga</i>	<i>Inga</i>

## Note 19 Equipment, tools, fixtures and fittings

	2021-12-31	2020-12-31
<b>Group</b>		
<i>Acquisition value:</i>		
-Opening balance	8 685	11 086
-Acquisitions, net	-	-963
-Transaltion differences this year	723	-1 438
	9 408	8 685
<i>Ackumulated depreciations according to plan:</i>		
-Opening balance	-7 685	-8 780
-This years depreciation according to plan	-60	-188
-Write downs this year	-872	-
-Transaltion differences this year	-674	1 283
	-9 291	-7 685
<b>Closing balance</b>	<b>117</b>	<b>1 000</b>
Machinery held under financial leasing agreements included with the following amount:	<i>Inga</i>	<i>Inga</i>

### Parent company

<i>Acquisition value:</i>		
-Opening balance	1 499	1 499
-Acquisitions	-	-
	1 499	1 499
<i>Ackumulated depreciations according to plan:</i>		
-Opening balance	-1 333	-1 271
-This years depreciation according to plan	-50	-62
	-1 383	-1 333
<b>Closing balance</b>	<b>116</b>	<b>166</b>

## Note 20 Participation in group companies

	2021-12-31	2020-12-31
<i>Acquisition value:</i>		
-Opening balance	25 001	26 396
-Acquisitions	25	-
-Re-classifications	-	-1 395
Closing balance	25 026	25 001
<i>Ackumulated depreciations:</i>		
-Opening balance	-12 982	-12 982
-Write downs this year	-10 350	-
Closing balance	-23 332	-12 982
<b>Closing balancwe for the year</b>	<b>1 694</b>	<b>12 019</b>

Impairment in the 2021 financial statements of SEK 10,350,000 refers to Josab's subsidiary in India, as the outcome of the business has not met expectations, and for precautionary reasons as the board has decided in the new year to liquidate the subsidiary.

The Chinese subsidiary was reclassified in 2020 as an associated company, when direct investments in the company took place, which reduced Josab's holding to 49%, see note 9.

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

The ownership share of the capital is referred to, which also corresponds to the share of the votes for the total number of shares.

<i>Subsidiary/ Corp.id/seat</i>	<i>Capital share</i>	<i>Equity</i>	<i>Result</i>	<i>Booked value</i>
Josab Hungary Kft., 01-09-984850, Budapest	100	8 795	-14 889	1 619
Josab India PVT Ltd, U41000PN2012FT, C 145589 Pune	100	820	-7 052	-
JOSINT Financial Services AB, 556975-8187, Stockholm	100	41	-1	50
JBCI 2022 Holding AB, 559348-5138, Stockholm	100	25	-	25

### **Note 21 Receivables from group companies**

	<i>2021-12-31</i>	<i>2020-12-31</i>
<i>Acquisition value:</i>		
-Opening balance	40 459	37 322
-Incoming accounts	-28 016	3 137
<b>Closing value</b>	<b>12 443</b>	<b>40 459</b>

### **Note 22 Shares in associated companies**

	<i>2021-12-31</i>	<i>2020-12-31</i>
<b>Group</b>		
<i>Acquisition value:</i>		
-Opening balance	1 346	-
-Share of profit/loss from associated companies	-245	-
-Re-classifications	0	1 346
<b>Closing balance</b>	<b>1 101</b>	<b>1 346</b>
<b>Parent company</b>		
<i>Acquisition value:</i>		
-Opening balance	1 395	-
-Re-classifications	-	1 395
<b>Closing balance</b>	<b>1 395</b>	<b>1 395</b>

### **Note 23 Other long term receivables**

	<i>2021-12-31</i>	<i>2020-12-31</i>
<b>Group</b>		
<i>Acquisition value:</i>		
-Opening balance	132	132
<b>Closing balance</b>	<b>132</b>	<b>132</b>

**Parent company**

*Acquisition value:*

-Opening balance	132	132
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<b>Closing balance</b>	<b>132</b>	<b>132</b>
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**Note 24 Cash and bank**

	2021-12-31	2020-12-31
<b>Group</b>		
Blocked bank funds, projects	687	2 993
<b>Parent company</b>	<i>Inga</i>	<i>Inga</i>

**Note 25 Deferred tax liability**

	2021-12-31	2020-12-31
--	------------	------------

As of the balance sheet date, the group has SEK 153,778,000 in unused loss deductions. No deferred tax claim on the loss deduction is reported for precautionary reasons as the business has not generated historical profits.

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

**Note 26 Non-current liabilities**

	2021-12-31	2020-12-31
<b>Group</b>		
Amount with which the liability item is expected to be paid after more than twelve months from the balance sheet date	1 222	1 222
Amount with which the liability item is expected to be paid after more than five years after the balance sheet day	-	-
Amount with which the liability item is expected to be paid within one year from the balance sheet day	14 000	3 609
<b>Moderföretag</b>		
Amount with which the liability item is expected to be paid after more than twelve months from the balance sheet day	1 222	1 222
Amount with which the liability item is expected to be paid after more than five years after the balance sheet day	-	-
Amount with which the liability item is expected to be paid within one year from the balance day	14 000	3 609

**Note 27 Accrued expenses and deferred income**

	2021-12-31	2020-12-31
<b>Group</b>		
Accrued vacation pay	734	735
Accrued social charges	292	326
Pre-paid EU subsidies	1 359	1 655
Other accrued expenses	6 554	1 216
	<b>8 939</b>	<b>3 932</b>

**Parent company**

Accrued vacation pay	734	735
Accrued social charges	292	326
Other accrued expenses	539	1 062
	<b>1 565</b>	<b>2 123</b>

SEK 6,000,000 of accrued costs in the group refers to a reserve for 2 disputes in India and for winding down operations in the country, see note 28.

**Note 28 Consolidated pledged assets and contingent liabilities**

***Pledged assets***

	2021-12-31	2020-12-31
<i>Pledged collateral for own liabilities and provisions</i>	<i>Inga</i>	<i>Inga</i>
<i>Other pledged pledges and securities</i>		
Blocked bank funds, rental guarantee, project guarantee	819	3 125
	819	3 125

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

***Contingent liabilities***

In India, the company has a tax process based on capital injections of SEK 15 million to the subsidiary in 2016/2017, for financing the kiosk project in Hyderabad. The company believes that the process is directly incorrect, as the legislation cited does not refer to capital injections from foreign parent companies. Despite this, for precautionary reasons, Josab has reserved SEK 5.5 million for the process. In another case, the company has been sued for interruption of the water supply in a project in Kerala. Josab has contested the claim as the error was due to substandard electricity supply, which is not within the company's responsibility. Despite this, a reservation of SEK 0.5 million has been made for precautionary reasons.

**Note 29 Collateral and contingent liabilities – the parent company**

***Pledged assets***

	2021-12-31	2020-12-31
<i>Pledged assets for own liability and provisions</i>	<i>Inga</i>	<i>Inga</i>
<i>Other collaterals provided and pledged assets</i>		
Blocked funds bank, rental guarantee	132	132
	132	132

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

### Note 30 Transaktions with related parties

Wilfrid Balmer, board member of Josab, has during the year, via company, invoiced fees and direct costs, amounting to 597 KSEK, based on a consulting agreement as external CTO for the group.

To VIMAB Holding AB, Josab's largest individual owner during the year, there have been payments of the overdue convertible loan of SEK 3,700,000 and interest on the loan amounting to SEK 166,500, corresponding to 9% interest. Before the turn of the year, Josab received a loan from VIMAB Holding of SEK 11,000,000 with a 6-month term at 9% interest. The loans have been used to repay bridge financing received during the year from Mangold.

### Note 31 Supplementary disclosures to the cash-flow statement

	2021-12-31	2020-12-31
<b>Adjustment for non-cash items etc.</b>		
<i>Group</i>		
Depreciations	1 727	1 088
Write downs	10 895	-
Unrealized exchange rate differences	503	-1 884
Interest part convertible bond	91	121
	<b>13 216</b>	<b>-675</b>
	2021-12-31	2020-12-31
<i>Parent company</i>		
Depreciation	50	61
Write-down of shares in subsidiaries	42 177	-
Interest part convertible bond	91	121
Unrealized exchange rate differences	70	71
	<b>42 388</b>	<b>253</b>
	2021-12-31	2020-12-31
<b>Investment activities</b>		
<i>Group</i>		
Acquisition of tangible fixed assets	-138	-74
<b>Cash-flow from the investment activities</b>	<b>-138</b>	<b>-74</b>
	2021-12-31	2020-12-31
<i>Parent company</i>		
Intra-group borrowings	-3 836	-3 137
<b>Cash-flow from the investment activities</b>	<b>-3 836</b>	<b>-3 137</b>

## **Note 32 Significant events after the end of the financial year**

In January 2022, Josab has appointed Jane Jeppsson as the new CEO, and she thereby succeeds Henry Koskela, who remains as CFO.

Jane Jeppsson, born in China, has extensive experience in business in China, and vis-à-vis China since she moved to Sweden 13 years ago. Jane has helped several Swedish and Scandinavian companies establish themselves in the Chinese market.

Spotlight Stockmarket has changed its previously announced position regarding the listing review, based on the acquisition of Clear industry. As Spotlight lacks the capacity to shine a light on acquisitions of companies in China, Josab has instead been delisted and the last day for trading in the company's shares was March 15. Josab's management is working towards an early listing on another marketplace.

On February 1, Josab became the formal owner of Clear Industry, after owner registration in Hong Kong, and the company is included in the company's consolidation as a group from this date.

Josab has signed an exclusive distribution agreement with YQUOS SAS, a French company, for 11 French-speaking countries in Africa. The collaboration has already started, a test unit is in place in the Ivory Coast, and the next country in the development of this collaboration is Cameroon, which is expected to receive a unit before the summer of this year.

At the extraordinary general meeting in February, Gunnar Jardelöv was elected to the board, as an independent member, at the same time as Wilfrid Balmer left the board.

Michael Sundin left the board during the spring due to illness, whereby the board consists of five members until the upcoming general meeting.

New issue of 23,736,013 shares, decided on 21 December 2021, has been registered and used for payment of 95.59% in Clear Industry Company Limited.

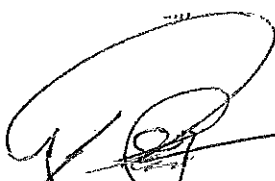
After the deregistration, Josab's share can be traded on the Mangold list, until a new listing takes place on another trading venue.

During 2022, Josab has received financing of approx. 23 MSEK from VIMAB Holding AB, with maturity from 30 June, and at 9% interest. The financing has been used to fulfill a financing commitment towards Clear Industry according to the acquisition agreement from December 2021, as well as for running costs and investments in Josab's core business during the year 2022.

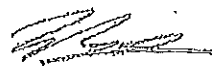
Regarding the war in Ukraine, we have not yet seen any direct effects for Josab in the markets we are active in, but indirect effects in the form of slow supply of components and increased freight costs may affect us in the future. We monitor the events on an ongoing basis to identify any future impact on our business.

## Signatures

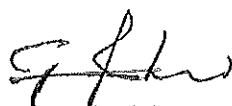
Stockholm May 27, 2022



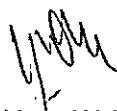
Peter Fredell  
Chairman of the Board



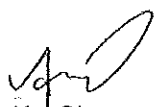
Jane Jeppsson  
CEO



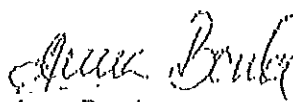
Gunnar Jardelöv  
Board member



Yuan Wei  
Board member



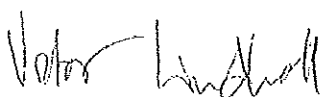
Kai Qi  
Board member



Anna Bonde  
Board member

Our audit report was submitted on June 8, 2022

PricewaterhouseCoopers AB



Victor Lindhall  
Authorized Public Accountant





## Auditor's report

To the general meeting of the shareholders of Josab Water Solutions AB, corporate identity number 556549-1114

### Report on the annual accounts and consolidated accounts

#### Opinions

We have audited the annual accounts and consolidated accounts of Josab Water Solutions AB for the year 2021. The annual accounts and consolidated accounts of the company are included on pages 2-39 in this document.

In our opinion, the annual accounts and consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of parent company and the group as of 31 December 2021 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

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

#### Basis for Opinions

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

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

#### Material Uncertainty Related to Going Concern

Without affecting our statements above, we would like to draw attention to the paragraph "Expected future development" in the management report in the annual report. There, the board describes that the company has several projects ongoing and upcoming that the board believes can lead to significant income for the group. It is also stated that if the company cannot obtain financing through increased sales, the board needs to find other solutions to secure liquidity. It also states that the board maintains ongoing dialogue with financiers in order to be able to finance the business if necessary. However, any other financing is not secured when the annual report is issued. These conditions indicate that there are significant uncertainty factors that may lead to significant doubt regarding the company's and the group's ability to continue its operations.

#### Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on page 1. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

A handwritten signature in dark ink, appearing to be a stylized 'h' or similar character.



## **Responsibilities of the Board of Director's and the Managing Director**

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

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

## **Auditor's responsibility**

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

A further description of our responsibility for the audit of the annual accounts and consolidated accounts is available on Revisorsinspektionen's website: [www.revisorsinspektionen.se/revisornsansvar](http://www.revisorsinspektionen.se/revisornsansvar). This description is part of the auditor's report.

## **Report on other legal and regulatory requirements**

### **Opinions**

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Director's and the Managing Director of Josab Water Solutions AB for the year 2021 and the proposed appropriations of the company's profit or loss.

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

### **Basis for Opinions**

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

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

## **Responsibilities of the Board of Director's and the Managing Director**

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

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.



### **Auditor's responsibility**

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

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

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

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

A further description of our responsibility for the audit of the administration is available on Revisorsinspektionen's website: [www.revisorsinspektionen.se/revisornsansvar](http://www.revisorsinspektionen.se/revisornsansvar). This description is part of the auditor's report.

### **Remark**

Stockholm June 8, 2022

PricewaterhouseCoopers AB

A handwritten signature in dark ink, appearing to read 'Victor Lindhall'.

Victor Lindhall  
Authorized Public Accountant