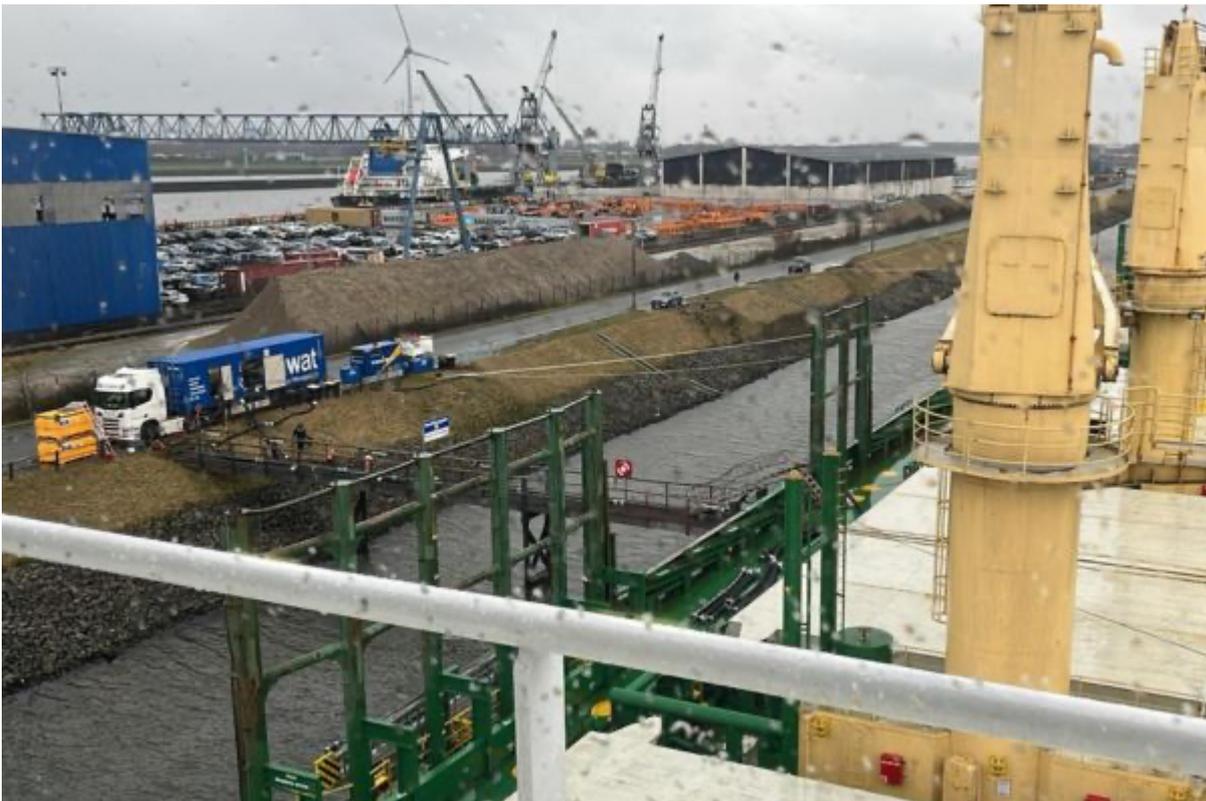


BAWAT Q4 REPORT 2023

BAWAT is a leading supplier of sustainable ballast water treatment technology and services. BAWAT was listed on Nasdaq First North Premier Growth Market in Stockholm in March 2022. This quarterly report represents the seventh financial update to the Stock Exchange since the company was listed. The report contains information that BAWAT is required to disclose pursuant to the EU Market Abuse Regulation. The report was submitted for publication on 21. February 2024, at 10:00 am.



Doubling Order Intake and profit margin Y-o-Y and Full year 2024 guidance

Q4 2023

- Order intake in Q4 2023 elevated the full year order intake to SEK 41.8m (Guidance SEK 40-50m), a significant 131% increase from 2022.
- Gross profit increased from 17,1% in 2022 to an impressive 55,9% in 2023 supported by sales in the mobile segment, lease income (extra ordinary) and service. This led to EBITDA breakeven in the quarter due to the extra ordinary lease income.
- Damen and Bawat signed a Joint Venture agreement offering significant scaling opportunities with manufacturing and sales of mobile ballast water units worldwide.
- Ballast as a Service, BaaS, has been organized under one executing organization called Bawat BaaS and two seasoned BWMS executives have joined the team in USA which has already demonstrating its value.

Post quarter in January 2024 a directed share issue was carried out raising SEK 6.5m completing the equity match for the 2023 granted financing package from NEFCO of which the remaining SEK 11.2m will be issued as a convertible bond in H1 2024.

Guidance 2024

- The company continues to grow significantly and has decided to change guidance principles to better reflect ongoing business with 2024 Sales between SEK 42 – 54m and EBITDA of SEK -12 – -7m.
- Guidance figures for 2024 are **NOT** comparable to 2023 actual figures due to new P&L consolidation methods after having established the Bawat Damen JV and Bawat BaaS ownership set-up.
- Comparing 2023 guidance principles with the 2024 equivalent Order Intake is estimated to be SEK 70 – 90m equal to another doubling.
- Q4 2024 is expected to be EBITDA break-even, in line with communicated expectations during 2022 IPO.

FINANCIAL KEY FIGURES Q4 2023

SEK '1.000	Q4 2023	Q4 2022	12M 2023	12M 2022
Order intake	17.954	1.217	41.802	18.100
Sales	3.197	2.398	19.140	15.866
Gross Profit	5.430	1.545	10.704	2.718
Gross Profit %	169,9%	64,4%	55,9%	17,1%
EBITDA*	-102	-5.960	-14.701	-21.320
Result for the period	-4.787	-7.186	-33.603	-38.879
Earnings per share	-0,09	-0,19	-0,71	-0,99
Cash flow from operations**	-4.412	-6.236	-26.568	-25.378
Net working capital	-732	-4.469	-732	-4.469
Equity ratio %	-17,5%	17,4%	-17,5%	17,4%

*In addition to this, Capital raise and other related non-recurrent items SEK 3,4m (SEK 6.9m in 2022)

**In addition to this, Capital raise and other related non-recurrent items SEK 6,4m (SEK 8.1m in 2022)

Marcus P. Hummer, CEO “We have closed the year strongly on both order intake and gross profit. Order Intake is ending at SEK 41.8m which is more than doubling the performance from 2022. With a gross profit for the full year of 55.9% (30.2% without the lease income), our business model is now well established.

With the increased maturity of our business, we will from 2024 replace existing guidance from Order Intake to provide guidance on Sales and EBITDA as the P&L consolidation principles changes due primarily to the establishment of the Bawat Damen JV, hence figures from 2023 are not comparable one to one to 2024 figures.

We expect to reach a positive EBITDA for the last quarter in 2024, which is in line with our expectations communicated during the 2022 IPO. The 2024 guidance is as follows,

SEK '1.000	2024
Sales	42.000 – 54.000
EBITDA	(-12.000) - (-7.000)

FINANCIAL DEVELOPMENTS Q4 2023

Sales

Sales in fourth quarter of 2023 amounted to SEK 3.2m against SEK 2.4m in the same period last year. Full year 2023 show sales of SEK 19.1m, which an 21% increase from 2022. Order intake in the fourth quarter of 2023 was SEK 18m against SEK 1.2m in same period 2022. Order intake Full year 2023 is at SEK 41.8m against SEK 18.1m LY. Order intake thus improved by 131% from 2022. More than 75% of 2023 sales are generated by progress on customer projects for mobile units and lease income from Bawat own Mobile BWMS.

Gross profit

Gross profit 2023 amounted to SEK 10.7m (2022 SEK 2.7m). Particular contribution from lease income from Bawat own BWMS has driven up Gross Profit ratio significantly. Gross profit ratio reported was 55,9%. Adjusted for the lease income, the gross profit is 30,2% which confirms the longer-term aspiration of achieving 30% gross profit margin pending mix of mobile solutions and ship solutions. The realized margins are in excess of expectations.

The company expects gross profit to stay above 30% over time, driven by greater efficiency in project execution as well as delivery of repeat orders to single customers. The long-term profit level will also be dictated by the mix of ship and mobile solutions as well as the increasing influx of recurrent cashflow from service business (BaaS) and aftermarket activity for the installed units.

Operating profit

Operating profit [EBITDA] Q4 in 2023 amounted to SEK -0,1m demonstrating gradual improvement quarter on quarter, bringing 2023 to SEK -14.7m (2022 SEK -21.3m excl. IPO cost). Cost for loans and capital raise, first time AGM and first time IFRS cost is in 2023 totaled with SEK 3.4m. Operating fixed cost is on par with last year. The development is in line with expectations.

Earnings

Earnings after tax in Q4 2023 amounted to SEK -4.8m, bringing 2023 full year to SEK -33.6m (2022 SEK -38.9m).

No dividends will be paid out for the financial year 2023.

Bawat is gradually approaching break even at EBITDA level with EBIT following same path. Investments in intangible assets to develop our systems were substantial some 3-8 years ago and hence current high depreciation levels will reduce significantly over the coming 2-3 years. Bawat are not planning any significant new investment in product development in coming periods.

Cash flow and working capital

Cash flow from operating activities in Q4 amounted to SEK -4.4m, bringing 2023 to a total of SEK -26.5m (2022 SEK -25.4m). Excluded from 2023 is capital raise cost of SEK 6.4m vs. SEK 8.1m in 2022. Adjusted for non-recurring items, cashflow from operating activities is slightly lower than 2022. Main reason for this is that net cash position on ongoing customer projects have been lower at Year-End close. This is a timing issue, as downpayments for new projects are received beginning of 2024 and final cash collection for two mobile BWMS units has been delayed, together with delay of same projects. Cash flow from investment activities in Q4 amounted to SEK 5.1m, bringing 2023 to a total of SEK 6.4m (2022 SEK 1.3m). Large increase in cashflow from investment activities is driven by mobile BWMS, that has already been used for lease out for service jobs. At the end of 2023, net working capital amounted to SEK -0.7m (End of 2022: -4.5 m). The negative development is driven by net cash position on ongoing customer projects, see explanation above. The impact of this alone accounts for SEK 6.3m

Cash and financial position

Cash at the end of 2023 amounted to SEK 2.3m (End of 2022: 6.7m) and Net interest-bearing debt amounted to SEK 44.7m (End of 2022: 30.1m). Proceeds from NEFCO loan EUR 1.300k was received in 2023 together with proceeds from directed share issue of SEK 18.8m.

At the end of 2023, Equity amounted to SEK -8.0m (End of 2022: SEK 9.0m), equivalent to an equity ratio of -17.5%.

A directed share issue was carried out in January 2024 of SEK 6.5m and in addition the convertible loan from NEFCO of SEK 11.2m is expected to be issued in H1 2024 to complete the full NEFCO financing package.

Risks

BAWAT is exposed to market risks including currency risks, interest risks and commodity price risks as part of its ongoing operations and investment activities. The key commercial risks relate to the company's ability to effectively manage the anticipated rapid growth and attract sufficient and skilled employees. Also, BAWAT's success depends on its ability to develop and market products that are recognized by customers as reliable, sustainable, and cost-effective. Many of its competitors are much larger than BAWAT, but none offer heat-based systems, and as far as the Company is aware, no other heat-based system is currently undergoing the certification processes with IMO or the US Coast Guard. The flip side of having no other competitor with a similar offering is that the market's general awareness of the advantages of a heat-based system to treat ballast water is limited, and that is the reason why increased sales and marketing activities are essential for the future growth prospects.

FINANCIAL CALENDAR 2024

Annual Report	8. May
AGM	30. May
Q1 report	30. May
Q2 report	21. August
Q3 report	27. November

Management view

A video recording of management's view of the quarterly result will be available online on Bawat investor page as well as LinkedIn during 22. February 2024.

FORWARD-LOOKING STATEMENTS

This announcement contains forward-looking statements. Words such as 'believe', 'expect', 'may', 'will', 'plan', 'strategy', 'prospect', 'foresee', 'estimate', 'project', 'anticipate', 'can', 'intend', 'outlook', 'guidance', 'target' and other words and terms of similar meaning in connection with any discussion of future operating or financial performance identify forward-looking statements. Statements regarding the future are subject to risks and uncertainties that may result in considerable deviations from the outlook set forth. Furthermore, some of these expectations are based on assumptions regarding future events which may prove incorrect.

FOR MORE INFORMATION, PLEASE CONTACT:

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Certified Adviser

Svensk Kapitalmarknadsgranskning AB

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This report constitutes inside information that Bawat *Water Technologies AB* is obliged to make public pursuant to the EU Market Abuse Regulation 596/2014. The information was sent for publication, through the agency of the contact persons set out above, at the time stated by the Company's news distributor, Cision, at the publication of this press release *on February 21, 2024*.

For further information about Bawat *Water Technologies AB*, please contact above.

FINANCIAL STATEMENTS 2023

This interim report for Bawat Water Technologies AB's is prepared in accordance with IFRS. The consolidated financial statements have been prepared using the cost method.

A number of new standards and interpretations are effective for financial years beginning after 1. January 2023 and have not been applied in the preparation of these financial statements. These new standards and interpretations are not expected to have a significant impact on the consolidated financial statements.

The Financial report has not been audited by the Company's independent auditors.

Consolidated income statement (condensed)

SEK '1.000	Q4 2023	Q4 2022	12M 2023	12M 2022
Sales	3.197	2.398	19.140	15.866
Gross Profit	5.430	1.545	10.704	2.718
Gross Profit %	169,9%	64,4%	55,9%	17,1%
Personnel cost	-4.563	-1.221	-18.891	-17.704
EBITDA*	-1.322	-4.730	-18.133	-28.186
Operating profit/loss*	-3.860	-7.241	-28.190	-37.320
Finance cost – net	-927	126	-5.413	-1.588
Result for the period before income tax*	-4.787	-7.115	-33.603	-38.908

*including cost of the capital raise and other related non-recurrent items FY SEK 3,4m, Q4 SEK 1,2m (2022 SEK 8.1m, Q4 SEK 0m)

Consolidated balance sheet (condensed)

SEK '1.000	31 Dec 2023	30 Sept. 2023	31 Dec 2022	31 December 2021*
Total intangible assets	29.434	32.866	37.354	41.322
Total tangible fixed assets	5.322	771	1.267	1.834
Total financial assets	336	349	355	352
Total non-current assets	35.092	33.986	38.976	43.508
Trade receivables	531	287	1.482	1.043
Contract assets	5.167	4.720	1.611	2.102
Other receivables	1.987	1.654	1.912	1.334
Prepayments	772	896	1.014	70
Total current receivables	8.457	7.557	6.019	4.549
Cash and cash equivalents	2.260	7.625	6.723	4.759
Total assets	45.809	49.168	51.718	52.816
Share capital	846	846	652	14.150
Total equity	-8.033	-2.867	9.030	-7.691
Total non-current liabilities	35.073	37.847	24.482	46.033
Borrowings, current	9.579	4.761	6.228	3.615
Lease liabilities, current	590	809	738	630
Trade payables	3.771	2.484	4.983	2.523
Contract Liabilities	141	460	2.843	1.938
Other payables	4.688	5.674	3.414	5.768
Total current liabilities	18.769	14.188	18.206	14.474
Total liabilities	53.842	52.035	42.688	60.507
Total liabilities and equity	45.809	49.168	51.718	52.816

* Parent of the Group was changed from Bawat A/S to Bawat Water Technologies AB

Consolidated statement of changes in equity (condensed)

SEK '1.000	31 Dec 2023	30 Sep 2023	31 December 2022	31 December 2021*
Equity 1 January	9.030	9.030	-8.351	5.725
Profit/loss for the period	-33.603	-28.816	-38.908	-30.053
Other comprehensive income for the pe- riod	738	1.117	452	-298
Total comprehensive income for the pe- riod	-32.865	-27.699	-38.456	-30.351
Total transactions with owners	15.802	15.802	55.487	16.310
Equity 31 December	-8.033	-2.867	9.030	-7.691

* Parent of the Group was changed from Bawat A/S to Bawat Water Technologies AB

Consolidated statement of cash flows (condensed)

SEK '1.000	Q4 2023	Q4 2022	12M 2023	12M 2022	31 December 2021*
Cash flow from operations**	-10.844	-2.063	-33.000	-29.305	-13.982
Cash flow from investments	-5.122	-283	-6.354	-1.271	-1.840
Cash flow from financing activities	10.670	-4.066	35.021	32.113	12.951
Total	-5.296	-6.412	-4.333	1.537	-2.871

* Parent of the Group was changed from Bawat A/S to Bawat Water Technologies AB

** including capital raise cost and other related non-recurrent items SEK 6,4m (2022 SEK 8.1m)

Financial statement, Bawat Water Technologies AB (Parent Company) (condensed)

SEK '1.000	Q4 2023	Q4 2022	12M 2023	12M 2022
Income Statement				
Sales	111	0	530	0
Operating profit/loss	-1.849	-6.172	-2.967	-7.843
Finance Income - net	35	609	831	1.317
Result for the period before income tax	-1.814	5.563	-2.136	6.526

Balance Sheet	12M 2023	12M 2022
Investment in subsidiaries	239.737	200.325
Current assets	805	23.682
Cash and cash equivalents	936	92
Total assets	241.478	224.099
Equity	227.287	214.136
Current liabilities	14.191	9.963
Total liabilities and equity	241.478	224.099

MANAGEMENT'S STATEMENT

The Executive Management and Board of Directors of BAWAT have today adopted the interim financial statement for the fourth quarter of 2023. The Financial report has been reviewed by the Company's independent auditors.

BAWAT applies International Financial Reporting Standards (IFRS) as adopted by the EU. This interim report has been prepared in accordance with IAS34 Interim Financial Reporting.

In our opinion, the Interim Financial Statements give a true and fair view of the operations, financial position, and results, and describe the significant risks and uncertainties facing the company.

Copenhagen, 21. February 2024

Executive Management

Marcus P. Hummer

CEO

Board of Directors

Klaus Nyborg

Charlotte Vad

Steffen Jacobsen

Lars H. Hansen

Chairman