

BAWAT Q4 REPORT 2024

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. The report contains information that BAWAT is required to disclose pursuant to the EU Market Abuse Regulation. The report was submitted for publication on 26. February 2025, at 08.30 am.



Continued efforts to introduce BaaS (Ballast-as-a-Service) in larger scale to the market. Guiding for a positive EBITDA in 2025.

H2 2024

- Sales in H2 was SEK 6.3m and FY sales is SEK 15.1m.
- Clients postponed contracted BaaS jobs to Q1 2025, and a delay in initiating investment in two new mobile units for BaaS jobs, delayed sales of approximately 16 mill SEK (EBITDA, SEK 5 mill) from H2 2024 to H1 2025. This is full in line with guidance published 7. Jan 2025.
- Ballast as a Service, BaaS, now also a registered Trademark, has with success been introduced not only in Hamburg where first jobs have been delivered, but also in other German ports. This demonstrates German Port State Authorities willingness and ability to follow-up and enforce the ballast water convention that went into full force in September 2024.
- BaaS was also delivered to first yard clients in the half year and thus confirms that BaaS concept is eligible not only as contingency for vessel owners in port but for a much broader spectrum of ballast water deficiencies.
- Bawat is extraordinarily proud of being able to deliver the BaaS product to the market and being instrumental in closing the gap between the intentions in the ballast water convention and the reality in ports and yards.
- Bawat has in the half year placed an order for more BaaS capacity from its joint venture partner Damen Green Solution, thus being able to service more vessel owners during H1 2025.
- Bawat has for some time promoted its technology as a bio-filter for water applications, and during the half year, constructive dialogues are ongoing with industrial clients and partners.

In January 2025, post H2 closure, a directed share issue of approximately SEK 16m was successfully carried through, and the proceeds will primarily be used to increase BaaS capacity.

Bawat is investing significantly into the business opportunity that Ballast-as-a-Service provides. With the ballast water convention coming to its final implementation in September 2024, whereafter the national authorities can inspect and test the system functionality as well as the discharged ballast water. With the introduction of Ballast-as-a-Service concept, Bawat can help non-compliant vessel owners when it comes to ballast water. The market for BaaS is coming both from non-compliant vessels arriving in port, non-compliant discharges from docks and yards, but Bawat is also experiencing interest in BaaS as prioritized availability for customers, ensuring fleet compliance relative to ballast water. With its unique one-pass technology, Bawat BaaS is positioned well as first mover in the BaaS market.

FINANCIAL KEY FIGURES Q4 2024

SEK '1.000	H2 2024	H2 2023	12M 2024	12M 2023
Sales	6.393	10.846	15.179	22.675
Gross Profit	1.764	8.358	2.919	10.702
Gross Profit %	27,6%	77,1%	19,2%	47,2%
EBITDA*	-10.461	-2.101	-22.842	-14.702
Result for the period	-18.279	-11.895	-39.841	-33.605
Earnings per share	-0,27	-0,23	-0,65	-0,71
Cash flow from operations**	-10.693	-18.560	-22.162	-27.827
Net working capital	-3.350	-732	-3.350	-732
Equity ratio %	-37,1%	-17,5%	-37,1%	-17,5%

*In addition to this, Capital raise and other related non-recurrent items in 2023 (SEK 2.4 in H2 '23 & 3.4 in FY2023)

**In addition to this, Capital raise and other related non-recurrent items SEK 2.7m in H2 '24 & 3.1 in FY 2024 (SEK 2.4m in H2 '23 & 6.4 in FY 2023)

Marcus P. Hummer, CEO. "Ballast-as-a-Service jobs are now regularly occurring and have been executed in Northern Europe with mobile systems based out of Hamburg and Denmark. We are pleased to see that many different customers have engaged with us and used BaaS service for various different deficiencies in their ballast water management set-up. In port we service vessels with contingency need to discharge ballast water, but we have also supplied the BaaS service to our first yard customer and are pleased to see that market segment also opening up. There is gradually a growth in the market accepting that ballast water cannot alone be handled with vessel installed systems in order to be compliant".

"We still do not see the level of Port State control from Authorities that we had expected and hoped for after the full implementation of the ballast water convention in September 2024, but we do however see clear movement in the right direction. With the full implementation of the ballast water convention on 8th September 2024, we must expect a significant change in Port State Authorities regulatory regime in order to reduce non-compliant ballast water discharges".

Guidance 2025

The Company has gradually changed its emphasis to more focus on sales of its mobile solutions and in particular BaaS solutions, while still offering our unique pasteurization solutions to vessels. So in essence Bawat has three legs to stand on based on same unique and patented technology, pasteurization.

Following the final adoption of the ballast water convention on 8th September 2024 Bawat has seen a gradual ramp-up in activities. This also means the existing guiding principles being sales forecast are no longer ideal to measure performance as the new activities contribute with a far higher margin than pure sale of systems.

On this basis we have changed our guiding principles from sales to EBITDA which the board find being a far more relevant guiding principle at this point.

EBITDA is expected to be positive for H1 2025 as well as for the full year 2025. With the H1 announcement we will guide on the EBITDA range for the full year.

At the time of our listing in March 2022 our prospectus guided our investors towards EBITDA-breakeven Q4 2024. Hence our guidance is almost in line with our prospectus from 2022 although our contribution margin is significantly higher.

FINANCIAL DEVELOPMENTS 2024

Sales

Sales in the Second half of 2024 amounted to SEK 6.4m (H2 2023 SEK 10.8m). Full year Sales are SEK 15.2m (SEK22.7m). Sales are eroded by delays from customers for BaaS jobs, already contracted. Also delay has incurred in initiating investment into two new mobile units for BaaS jobs. The delays, in total, represent volume of SEK 16m and are still expected to be executed in Q1 2025.

Gross profit

Gross profit in the second half of 2024 amounted to SEK 1.8m (H2 2023 SEK 8.4m). The Gross profit ratio in H2 2024 was 27.6% and in line with ratio from 2023, adjusted for impact of lease income in 2023. Full year 2024 the overall ratio is still impacted by lower-than-normal level of GP in building the first mobile BWMS. Ship orders have performed as expected. Overall margin on service jobs in 2024 has been 40-50%, which is considered very positive, given that it is still early days for these services. With Bawat's innovative Ballast-as-a-Service offering, it is expected that overall gross profit margins will increase to around 40% after a phase-in period.

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 in combination with delivery of mobile systems and/or recurrent cashflow from BaaS.

Operating profit

Operating profit, EBITDA, H2 2024 amounted to SEK -10.5m (H2 2023 SEK -11.9m). Positive operating profit is expected in Q1 2025 and will be driven primarily by increased activity level in BaaS. Operating fixed costs in 2024 are more than 10 percent below last year's level.

Earnings

Earnings after tax in 2024 amounted to SEK -39.8m (2023 SEK -33.6m).

No dividends will be paid out for the financial year 2024.

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 expects current depreciation level to reduce from SEK -10m to SEK -5m. Bawat do not see any need for new investment in product development in the coming years.

Circulating shares

The number of circulating shares at the end of 2024 was 72,941,830 (2023 51,293,621). The average number of circulating shares for 2024 was 60,884,951 (2023 47,265,830).

Further, 444,827 (2023 458,650) warrants are circulating. The exercise impact of the warrants is not included above. The warrants are out of the money and thus insignificant.

Cash flow and working capital

Cash flow from operating activities in H2 2024 amounted to SEK -13.4m (H2 2023 SEK -18.6m). Cash flow from investment activities in H2 2024 amounted to SEK -2.6m (H2 2023 SEK -5.2m).

Cashflow from financing activities of SEK 21.9m in H2 2024 includes proceeds from directed share issue conducted in August 2024, where 17,238,209 new shares were issued at SEK 1.46 each. Gross proceeds SEK 25.2m.

At the end of 2024, net working capital amounted to SEK -3.4m (2023: SEK -0.7m).

Cash and financial position

Cash at the end of 2024 amounted to SEK 13.6m (2023: 2.6m) and Net interest-bearing debt amounted to SEK 58.8m (2023: SEK 45.2m).

At the end of 2024, Equity amounted to SEK -18.7m (End of 2023: SEK -8.0m), equivalent to an equity ratio of -37.1%.

Directed share issues carried out in January 2024, in June 2024 and in August 2024 of SEK 32.2m and disbursement of convertible loan from NEFCO of SEK 11.2m (EUR 1m) is included in 2024. In January 2025 a new share issued were carried through, with the purpose to support the company's new strategy to market BaaS services.

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 2025

Interim Report Q4	February 26, 2025
Annual Report Publication	April 23, 2025
Annual General Meeting	May 14, 2025
Interim Report Q2	August 27, 2025

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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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 26, 2025*.

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

FINANCIAL STATEMENTS 2024

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 2024 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	H2 2024	H2 2023	12M 2024	12M 2023
Sales	6.393	10.846	15.179	22.675
Gross Profit	1.764	8.358	2.919	10.702
Gross Profit %	27,6%	77,1%	19,2%	47,2%
Personnel cost	-8.633	-8.856	-18.124	-18.891
EBITDA*	-10.461	-4.487	-22.843	-18.133
Operating profit/loss*	-14.568	-9.594	-31.987	-28.190
Finance cost – net	-3.710	-2.301	-7.853	-5.413
Result for the period before income tax*	-18.280	-11.895	-39.841	-33.603

*including cost of the capital raise and other related non-recurrent items in 2023 (SEK 2.4m in H2 '23 & 3.4 in FY '23)

Consolidated balance sheet (condensed)

SEK '1.000	31 Dec 2024	30 Jun 2024	31 Dec 2023	31 Dec 2022
Total intangible assets	22.161	25.638	29.434	37.354
Total tangible fixed assets	6.781	5.337	5.322	1.267
Total financial assets	352	349	336	355
Total non-current assets	29.294	31.324	35.092	38.976
Trade receivables	3.224	3.143	531	1.482
Contract assets	822	2.669	5.167	1.611
Other receivables	2.884	1.447	1.987	1.912
Prepayments	618	1.149	772	1.014
Total current receivables	7.548	8.408	8.457	6.019
Cash and cash equivalents	13.611	7.634	2.260	6.723
Total assets	50.453	47.366	45.809	51.718
Share capital	1.372	919	846	652
Total equity	-18.740	-22.703	-8.033	9.030
Total non-current liabilities	45.229	50.465	35.073	24.482
Borrowings, current	13.561	7.217	9.579	6.228
Lease liabilities, current	0	205	590	738
Trade payables	6.408	4.718	3.771	4.983
Contract Liabilities	875	1.214	141	2.843
Other payables	3.120	6.250	4.688	3.414
Total current liabilities	23.964	19.604	18.769	18.206
Total liabilities	69.193	70.069	53.842	42.688
Total liabilities and equity	50.453	47.366	45.809	51.718

Consolidated statement of changes in equity (condensed)

SEK '1.000	31 Dec 2024	30 Jun 2024	31 Dec 2023	31 Dec 2022
Equity 1 January	-8.033	-8.033	9.030	-8.351
Profit/loss for the period	-39.841	-21.561	-33.603	-38.908
Other comprehensive income for the period	25	220	738	452
Total comprehensive income for the period	-39.816	-21.341	-32.865	-38.456
Total transactions with owners	29.109	6.671	15.802	55.487
Equity 31 December	-18.740	-22.703	-8.033	9.030

Consolidated statement of cash flows (condensed)

SEK '1.000	H2 2024	H2 2023	12M 2024	12M 2023
Cash flow from operations*	-13.405	-19.149	-25.276	-33.000
Cash flow from investments	-2.577	-5.221	-3.274	-6.354
Cash flow from financing activities	21.882	9.343	39.803	35.021
Total	5.900	-15.027	11.253	-4.333

* including capital raise cost and other related non-recurrent items SEK 2.7m in H2 '24 & 3.1 in FY 2024 (SEK 2.4m in H2 '23 & 6.4 in FY 2023)

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

SEK '1.000	H2 2024	H1 2024	12M 2024	12M 2023
Income Statement				
Sales	283	267	550	530
Operating profit/loss	-987	-1.232	-2.219	-2.967
Finance Income - net	-624	-534	-1.158	831
Result for the period before income tax	-1.611	-1.766	-45.355	-91.873

	Dec 2024	H1 2024	Dec 2024	Dec 2023
Balance Sheet				
Investment in subsidiaries	150.000	155.000	150.000	150.000
Current assets	1.440	1.317	1.440	1.085
Cash and cash equivalents	1.457	1.611	1.457	936
Total assets	152.897	157.928	152.897	152.021
Equity	121.304	142.490	121.304	137.550
Borrowings, long term	10.493	9.605	10.493	-
Current liabilities	21.100	5.833	21.100	14.471
Total liabilities and equity	152.897	157.928	152.897	152.021

MANAGEMENT'S STATEMENT

The Executive Management and Board of Directors of BAWAT have today adopted the interim financial statement for the fourth quarter of 2024. The Financial report has not 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, 26. February 2025

Executive Management

Marcus P. Hummer

CEO

Board of Directors

Klaus Nyborg

Charlotte Vad

Steffen Jacobsen

Lars H. Hansen

Chairman