Annual report

Financial year
2024-01-01 – 2024-12-31

and

Consolidated financial statements

Financial year
2024-01-01 – 2024-12-31

for

Bawat Water Technologies AB (publ)

559338-6443

The Board of Directors and CEO of Bawat Technology AB (publ) hereby present the Annual Report for the financial year January 1, 2024 – December 31, 2024 and the consolidated financial statements for the financial year 2024.

The consolidated financial statements have been prepared in Swedish kronor (SEK), and all amounts are in thousands of SEK (KSEK) unless otherwise specified. The Annual Report for the Parent Company has been prepared in Swedish kronor (SEK), and all amounts are in thousands of Swedish kronor (KSEK) unless otherwise specified.

Administration report

Information regarding the operations

The Group carries out its main commercial activities through its subsidiary Bawat A/S from facilities in Hørsholm, Denmark. Bawat provides patented heat-based ballast water management system (“BWMS”). While ballast water is essential for modern shipping operations, it also poses ecological, economic and health problems due to the multitude of marine species and pathogens inadvertently transferred between ecosystems when ballast water is dumped. Using otherwise wasted excess onboard engine heat to achieve pasteurization, Bawat’s heat-based system is suited for on-board vessel solutions and at-port (land based) containerized installations and is the only heat-based ballast water treatment system on the market today. The system is approved by both the International Maritime Organization (“IMO”) and the U.S. Coast Guard.

The Parent Company Bawat Water Technologies AB (publ) has its registered office is in Stockholm, Sweden. Bawat Water Technologies AB is the company that is listed on Nasdaq First North Growth Market. The parent company’s main activities relate to its role as shareholder in the operational companies. This includes setting strategic directions, Group policies & procedures and oversee the compliance of same.

Bawat is active in three market areas within ballast water management

- Ship solutions
- Mobile solutions
- Ballast-water-as-a-Service (BaaS)

BAWAT addresses the market with an extensive network of sales agents. Sales agents with local networks provide a scalable market entry strategy with low operational and financial risk. BAWAT’s own sales and support staff follow up and evaluate each agent regularly and provide motivation and education on the product and market situation. BAWAT has so far formed partnerships with multiple sales agents, covering main maritime markets. More agents will actively be sought in coming quarters, but as of now, all main markets are covered by active agents.

The ballast water market has since its inception been driven by ship-installations, both retro-fit and for new buildings. The final implementation phase for the IMO convention was in September 2024, this means for Bawat that 2025 again is expected to be the year where mobile systems and BaaS will be the main contributors to the growth of the company. 2024 saw exactly the start and recurrence of BaaS jobs, and 2025 is expected to grow much further. Yards, docks and also recycling yards have been customers in for BaaS in 2024 as well as the original scope for non-compliant vessels in ports. Port State Control is learning to inspect vessels for Ballast Water Non-compliance, and with many flag states reporting of non-compliance in numbers above 25%, the potential is vast.

The Bawat patented single-pass technology in a mobile system sets the company in a possible very favorable situation in terms of competition for the clients in need of this type of equipment or BaaS service and thus this will to a large degree drive the future growth of Bawat. There are currently no other competive mobile system in the market place nor do the company expect there will be in years to come.

Owner structure/group relationships

Shares of the Parent Company is listed at Nasdaq First North Growth Market.

The shareholders of Bawat who hold shares representing at least one tenth of the votes for all shares in the company are:

- Friheden Invest with 21.5 percent of the votes
- Selfinvest ApS with 11.5 percent of the votes.
- Homarus Holding A/S with 10.1 percent of the votes.

Significant events during the financial year

The income statement of the Parent Company for 2024 shows a loss of kSEK -45.343 and on 31 December 2024 the balance sheet of the Company shows an equity of kSEK 121.316. The shares in Bawat A/S have been valued to 150 mSEK. The valuation is in line with the yearly valuation assessment.

Consolidated Statement of Profit and Loss shows a loss of kSEK -41.314 and on 31 December 2024 the Consolidated Statement of Financial position shows an equity of kSEK -20.217.

Management considers the net loss for the year to be as expected.

The Consolidated financial report for financial year 2024 is prepared in accordance with IFRS. Refer to note 2 for a summary of significant accounting principles.

During 2024 Bawat Water Technologies AB has conducted directed share Issues and raised additional liquidity of 32.2 mSEK before transaction cost.

Proceeds from convertible loan from Nefco of 1 mEUR to Bawat Water Technologies AB were received in April 2024.

Significant events after the financial year

As announced on 21. January 2025, Bawat Water Technologies AB resolved on directed share issues of 15,324,250 shares. The shares were issued under mandate from General Assembly 30. May 2024 and were issued at 1,00 per share. The share issue has provided additional liquidity for Bawat Water Technologies AB for appr. 15.3 mSEK before transaction cost.

The cash already raised after year end is expected to cover the liquidity needs until the group generates sufficient funds from its own operations.

Initiatives and developments in relation to BAWAT's business

Ballast Water Management

While ballast water is essential for modern shipping operations, it also poses serious ecological, economic and health problems due to the multitude of marine species and pathogens inadvertently transferred between ecosystems when the ballast water is dumped. BAWAT's value proposition to its customers is the most environmentally friendly ballast water treatment solution on the market, which at the same time provides for the lowest total cost of ownership over the system's lifetime. In addition, the advantages include better efficacy, the absence of harmful chemicals and not least, the ability to function equally well in seawater, brackish water, and freshwater – and last but not least, it operates with no filter.
BAWAT's patented heat-based treatment system uses (in ship installations) otherwise wasted excess heat from the ship's main engine to pasteurize the ballast water, and the residual heat in the treated water is used to heat incoming ballast water. Thus, BAWAT's solution does not lead hot water into the ballast tanks, nor does it pump hot water overboard or use chemicals.
Every new BWMS in service adds to BAWAT's sustainable profile in support of UN's Sustainable Development Goal 14 which aims at conserving and sustainably using the oceans, seas and marine resources and thus protecting life below water and marine ecosystems.

Mobile Solutions (Ballast Water Management)

The joint ventureship agreement with Damen Green Solutions was operational from the beginning of 2024 and first order is placed and under manufacturing at close of the year.

The Joint Venture company is acting as global selling and manufacturing outlet of the mobile BWTS containers with a joint and coordinated sales force between Bawat and Damen personnel. Manufacturing is done in Damen global manufacturing set-up across multiple locations. The Joint Venture will enable Bawat to scale up deliveries of mobile units without investing in its own manufacturing and assembly capabilities. Included in the Joint Venture agreement is Damen agreed stop for its own product line of containerized BWTS equipment.

Ballast water-as-a-Service (BaaS)

2024 was the year where the BaaS business leg was in the spotlight. Mid year, a permanent mobile solution was positioned in Hamburg port and together with local partner Jongen GmbH, BaaS was offered to clients from July. Service jobs have been performed in the second half of the year in Germany. As the unit is mobile, BaaS jobs have besides Hamburg also been performed in ports like Rostock, Bremen and more. Both planned jobs with customers and contingency jobs have been performed. German Port State Control (PSC) have after the full implementation of the ballast convention in September been very clear in not giving out exemptions for dumping of untreated ballast water, and with an increase in training of the PSC officers the contingency part of the BaaS jobs will expectedly grow. In addition to above, BaaS have been sold to the yards in Denmark and Germany for vessels arriving with no or malfunctioning ballast water onboard systems.

The recycling yards are purchasing BaaS in order to stay compliant with legislation and with the Hong Kong convention (International Convention on ship recycling) coming into force in June 2025, this side of the business is also expected to increase. A major contract (value of approximately SEK 5 mill) was awarded to Bawat in this field of business in Q4 including follow-up business of the same scope. The project execution was pushed into 2025 due operational constraints from the client side outside the scope of ballast water treatment.

During the first half of the year, Bawat decided after considerations to manage its BaaS business without its financial partners Green Swans from USA. This separation allows Bawat to drive its BaaS business 100% to its own bottom line at own effort.

Overall the BaaS business leg of Bawat holds great potential. The release of this potential is to some degree linked to the vigilance and persistence of Port State Control enforcing the ballast water convention.

Bawat BaaS was registered and approved as Trade Mark in both Europe and USA during the year.

Ship solutions

From its inception, BAWAT has operated a business model which ties up the minimum amount of capital in assets such as inventory, buildings, and machinery.
Hence, BAWAT has no own production and carries no inventory. As part of the sales process for a ship that needs to be retrofitted with a ballast water treatment system, detailed plans for the specification and installation are drawn up by BAWAT's engineers in the Danish headquarters. Once the customer confirms the order, BAWAT orders the required components from its suppliers and prepare the components for delivery. Once installed the equipment is commissioned by BAWAT. When the ship is back in service, BAWAT offers after-sales support, standard spare part packages and remote follow-on training and support for crew members. The entire retrofitting process, including planning, specification, and installation process, typically takes 4-6 months.

2024 had fewer ship orders than previous year, however the overall request for ship onboard systems is still at same level as 2023 despite reaching the full compliance deadline in September. This is linked to the fact that many vessel operators are now after some years of experience operating their BWMS are thinking to switch technology. This is primarily seen with vessel operators having BWMS systems that to a very large degree struggle in water conditions not suitable for the BWMS choice installed. Changing to a Bawat on board system relief vessel owners of all challenges related to water quality, as the Bawat technology is 100% independent of water type and quality.

Product development

In Q4 Bawat received its approval for installation on US flagged vessels. Also, the extension of the current type approval to also include systems as small as 5 cubic meter / hour treatment capacity was granted by the Danish Maritime Authorities.

Throughout the year, a continuous improvement of the BWMS system is ongoing within the limits of the respective approval and design guidelines.

Expected future development and significant risks and uncertainties

The financial statements for 2024 have been prepared on a going concern basis which includes the assessment of the cash available, and the projections made by the Company. The Company successfully raised new equity in January 2025. This cash, already raised after year end is expected to cover the liquidity needs until the group generates sufficient funds from its own operations.
Should the projections not materialize, measures can be taken to reduce costs and investments as well as raising additional funds when needed.

Bawat is present at all significant Maritime hubs working pro-actively to expand business. Looking forward, we have high expectations for growth, especially driven by our service offering (BaaS).

Financial risk management and use of financial instruments

Through its operations, Bawat Group is exposed to various financial risks attributable to primarily cash, trade receivables, trade payables and liabilities to credit institutions.

The financial risks are market risk, mainly interest risk and currency risk, credit risk, liquidity risk and refinancing risk. The Group strives to minimize potential unfavorable effects from these risks on the Group's financial results. Refer to Note 3 for further information on the Group's management of financial risks.

Environmental impact

Bawat is built on an idea to supply equipment and solutions designed from beginning to enable Maritime industry to manage their ballast water in a compliant and sustainable way. Bawat equipment operates without use of chemicals and based on re-use of surplus heat for pasteurization of Ballast water before discharge. Indirectly Bawat supports in this manner the prevention of global spread of invasive species.

Sales, earnings and financial position, Group (KSEK)

Group	**2024**	**2023**
Revenue from customer contracts	14.584	22.675
EBITDA*	-23.595	-18.134
Result after financial items	-41.314	-33.605
Total assets	48.964	45.809
Equity/assets ratio** (%)	-41%	-18%
Average number of employees	12	13

* EBITDA is an important operational KPI. It is derived from operational profits, excluding depreciations and amortizations.
**Total equity as a percentage of total assets.

Bawat has invested heavily in development of heat treatment of ballast water. More than 120 mSEK has been invested in mainly IMO Type Approval, US Coast Guard Approval, Automation software and the mobile Bawat containerized system.
The vast majority of the investments have been undergoing 10-year linear depreciation plan since around 2014-2017. Significant grants (30-50%) have been received for some of the major development projects. Consequently in 2024, the gross investment is presented under development cost at a total net value of below 20 mSEK. With some of the major depreciation plans terminating within the coming 2 years, the current level of depreciation will be reduced to only 1/3 of current level of depreciation. This is normal practice and in line with Bawat accounting principles.

Proposed appropriation of profits

The Board of Directors proposes that profits available for disposal (SEK):	
Retained earnings	165.455.545
Loss for the year	-45.342.956
Be appropriated as follows to be carried forward	120.112.589

The Group’s and Parent Company’s results and financial position in general are shown in the following income statements, balance sheets and cash-flow statement with associated Notes.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended December 31			
(in thousands of SEK)	**Notes**	**2024**	**2023**
Revenue from customer contracts	5	14.584	22.675
Other operating income		-	-
Total		**14.584**	**22.675**
Other external expenses	6	-20.055	-21.919
Personnel expenses	7	-18.124	-18.891
Depreciation and amortization of tangible, intangible and right-of-use assets		-9.145	-10.057
Operating profit/loss		**-32.740**	**-28.191**
Finance income	8	527	252
Finance expenses	8	-9.101	-5.666
Finance expenses – net		**-8.574**	**-5.414**
Share of net profit of investments accounted for using the equity method		-	-
Profit/loss before income tax		**-41.314**	**-33.605**
Income tax	10	0	0
Profit/loss for the year		**-41.314**	**-33.605**
Earnings per share, attributable to shareholders of the Parent Company:	11		
Basic earnings per share, SEK		-0,68	-0,71
Diluted earnings per share, SEK		-0,68	-0,71

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended December 31			
(in thousands of SEK)	**Notes**	**2024**	**2023**
Profit/loss for the year		**-41.314**	**-33.605**
OTHER COMPREHENSIVE INCOME			
Items that may be reclassified to consolidated statement of profit or loss (net of tax):		130	20
Exchange differences on translation of foreign operations		-188	1.026
Other comprehensive income for the year		**-58**	**1.046**
Total comprehensive income for the year		**-41.372**	**-32.559**

Profit/loss for the year and total comprehensive income are, in their entirety, attributable to shareholders of the Parent Company.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION			
(in thousands of SEK)	**Notes**	**December 31, 2024**	**December 31, 2023**
ASSETS			
Non-current assets			
Intangible assets	13	22.160	29.434
Right-of-use assets	15	0	541
Property, plant, and equipment	14	6.483	4.781
Investments accounted for using the equity method	12	31	30
Other non-current receivables	16	322	307
Total non-current assets		**28.996**	**35.093**
Current assets			
Contract assets		823	5.167
Trade receivables	18	3.224	531
Tax receivables		-	-
Other receivables	19	1.692	1.987
Prepaid expenses	20	618	771
Cash and cash equivalents	21	13.611	2.260
Total current assets		**19.968**	**10.716**
TOTAL ASSETS		**48.964**	**45.809**

(in thousands of SEK)	**Notes**	**December 31, 2024**	**December 31, 2023**
EQUITY AND LIABILITIES			
Equity			
Share capital	22	1.203	846
Other contributed capital	22	99.188	70.437
Foreign exchange reserves		-	-
Retained earnings (incl. profit for the year)		-120.608	-79.316
Total equity		**-20.217**	**-8.033**
Liabilities			
Non-current liabilities			
Borrowings	23	45.229	35.073
Lease liabilities	15	0	0
Other liabilities	24	-	-
Total non-current liabilities		**45.229**	**35.073**
Current liabilities			
Trade payables		6.409	3.771
Contract liabilities		875	141
Current tax liabilities		-	-
Borrowings	23	13.560	9.579
Lease liabilities	15	0	590
Other liabilities	24	3.108	4.688
Accrued expenses and prepaid income		-	-
Total current liabilities		**23.952**	**18.769**
TOTAL EQUITY AND LIABILITIES		**48.964**	**45.809**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY							
		Attributable to shareholders of the Parent Company					
(in thousands of SEK)	**Notes**	**Share capital**	**Other contributed capital**	**Foreign exchange reserves**	**Retained earnings (incl. profit for the year)**	**Total equity**
January 1, 2023		**652**	**55.343**	**-**	**-46.941**	**9.054**
Profit/loss for the year		-	-	-	-33.605	-33.605
Other comprehensive income		-	-	-	1.046	1.046
Total comprehensive income for the year		**-**	**-**	**-**	**-32.559**	**-32.559**
2021 Employee Warrant program		-	-	-	186	186
Directed share issues	22	194	18.608	-	-	18.802
Share issue related transaction costs	22	-	-3.515	-	-	-3.515
Balance at December 31, 2023		**846**	**70.437**	**-**	**-79.316**	**-8.033**
Profit/loss for the year		-	-	-	-41.314	-41.314
Other comprehensive income		-	-	-	-58	-58
Total comprehensive income for the year		**-**	**-**	**-**	**-41.372**	**-41.372**
2021 Employee Warrant program		-	-	-	80	80
Directed share issues	22	357	31.867	-	-	32.224
Share issue related transaction costs	22	-	-3.116	-	-	-3.116
Balance at December 31, 2024		**1.203**	**99.188**	**-**	**-120.608**	**-20.217**

CONSOLIDATED STATEMENT OF CASH FLOWS			
For the year ended December 31			
(in thousands of SEK)	**Notes**	**2024**	**2023**
Cash flows from operating activities			
Operating profit/loss		-32.740	-28.190
Adjustments for non-cash transactions			
- Depreciation of property, plant and equipment, right-of-use assets and amortization of intangible assets	13,14,15	9.674	10.057
- Share-based payments		79	192
Other cash transactions			
- Interest received	8	527	200
- Interest paid	8	-7.522	-5.190
- Income taxes received			-
Cash flow from operating activities before working capital change		**-29.982**	**-22.931**
Changes in working capital:			
- Increase/decrease in trade receivables and other receivables		1.082	-2.748
- Increase/decrease in trade payables and other payables		3.625	-2.148
Cash flows from operating activities		**-25.275**	**-27.827**
Cash flows from investing activities			
Investments in intangible assets	13	-340	-1.271
Investments in property, plant and equipment	14	-2.923	-4.927
Cash flow from financial assets		-12	-29
Payments for investments accounted for using the equity method		-	-
Cash flows from investing activities		**-3.275**	**-6.228**
Financing activities			
Proceeds from issuance of shares	22	31.986	18.802
Share issue related transaction costs (IPO)	22	-3.115	-3.515
Proceeds from borrowings	26	11.636	15.650
Repayment of borrowings	26	-97	-726
Repayments of lease liabilities	26	-607	-760
Cash flows from financing activities		**39.804**	**29.451**
Net increase/(decrease) in cash and cash equivalents		**11.254**	**-4.603**
Cash and cash equivalents at January 1		**2.258**	**6.722**
Exchange rate differences in cash and cash equivalents		99	139
Cash and cash equivalents at December 31		**13.611**	**2.258**

Notes to the consolidated financial statements

1. General information

These financial statements are consolidated financial statements for the Group ("Bawat") consisting of Bawat Water Technologies AB (publ) and the subsidiary Bawat A/S.

Bawat Water Technologies AB (publ) (the "Company" or the "Parent Company"), is a limited company incorporated and domiciled in Sweden. The Company, with corporate identity number 559338–6443, has its registered office in Stockholm, Sweden.

The Group carries out its main commercial activities through Bawat A/S and provides patented heat-based ballast water management system ("BWMS").

The annual report for the financial year 2024-01-01 - 2024-12-31 and consolidated financial statements for the financial year 2024-01-01-2024-12-31 were authorized for issue by the Board of Directors and the CEO of Bawat Water Technologies AB (publ) on 25. April 2025.

2. Summary of significant accounting principles

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied unless otherwise stated.

2.1 Basis of preparation

IFRS accounting principles are applied for the consolidated financial Annual report for Bawat Water Technologies AB (publ). The consolidated financial statements of Bawat Water Technologies AB (publ) have been prepared in accordance with the Swedish Annual Accounts Act, RFR 1 Supplementary Accounting Rules for Groups, issued by the Swedish Financial Reporting Board and International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) as endorsed by the EU.

The Parent Company's accounting and valuation policies comply with the Swedish Annual Accounts Act and Swedish Financial Reporting Board recommendation RFR 2 Accounting for Legal Entities. Refer to Note 31 for further information regarding areas where the Parent Company applies other accounting policies than the Group.

The preparation of the consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in applying the accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

2.2 New and amended standards and interpretations not yet adopted

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.

2.3 Basis of consolidation

Subsidiaries

Subsidiaries are all companies over which the Group has control. The Group has control over a company when it is exposed to or has a right to variable returns from its participation in the company and has the possibility to influence the return through its participation in the company. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Inter-company transactions, balances and unrealized gains and losses on transactions between Group companies are eliminated.

New Parent Company

The Parent Company of the Group changed from Bawat A/S to Bawat Water Technologies AB on 22. February 2022, through a share swap. The shareholders of the Group remained unchanged. The share swap was classified as a common control reorganization and the transaction is not covered by IFRS 3. In these financial statements, all historical figures up to 31. December 2021, comprise of Bawat A/S and its subsidiaries. There were no activities in Bawat Water Technologies AB before 22. February 2022. After this date and onwards, Bawat Water Technologies AB (publ) is the Parent Company of the Group. The Group has chosen to recognize the historical consolidated financial statements for the former Parent Company of the Group, Bawat A/S.

2.4 Segment reporting

The operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The CEO is the chief operating decision maker and evaluates financial position and performance and makes strategic decisions. The internal reporting consists of the following-up of performance measures for the Group as a whole. When the chief operating decision maker makes decisions regarding the allocation of resources and measure results for the Group as a whole, the Group in its entirety is deemed to make up one segment.

2.5 Foreign currency translation

Functional currency and presentation currency
The entities in the Group have the local currency as their functional currency, as the local currency has been defined as the primary economic environment in which each entity operates. The Group's presentation currency is Swedish krona (SEK). The Parent Company's presentation currency is Swedish krona (SEK).

Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the transaction dates. Foreign exchange rate profits and losses from the settlement of such transactions and the translation of monetary assets and liabilities in foreign currencies using the exchange rates prevailing at the reporting date are recognized in operating loss in the consolidated statement of profit or loss.

Foreign exchange rate profits and losses attributable to loans and cash and cash equivalents of the Group are recognized in the consolidated statement of profit or loss as finance income and finance costs. All other foreign exchange rate profits and losses are recognized under other operating income/expense.

Translation of foreign group companies
The results and financial position for all companies with a functional currency other than the presentation currency are translated into the Group's reporting currency according to the following:

- assets and liabilities are translated from the foreign operation's functional currency using the exchange rates prevailing at the reporting date;
- income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- all foreign exchange differences arising from the currency translation of foreign operations are recognized in other comprehensive loss.

2.6 Revenue recognition
The Group's principles for recognition of revenue from customer contracts are presented below.

Sale of goods
Bawat's business model is built on a patented heat-based ballast water management system suited for on-board vessel solutions and at-port (land based) containerized installations to treat ballast water. The solution includes systems specifically tailored to customers. In general, the customer contracts hold one performance obligation as the elements of the contract are not separable from each other but form an overall commitment.

Determination of the transaction price
The customer contracts are essentially fixed-price contracts. Revenue from contracts with customers is measured at an amount that reflects the consideration to which the Group expects to be entitled to. Under the fixed price contracts, the customer pays the contractual transaction price at agreed payment dates. The Group generally has no impact of variable remuneration affecting the transaction price.

Timing of revenue recognition
Contracts may involve that the Group performs work on products that are controlled by the customer. In these cases, revenue is recognised over time, as the work is performed. For other contracts, revenue recognised over time as the product is transferred to being customer-specific and the Group has no other use for the product manufactured and is entitled to payment from the customer for work performed. The extent to which the Group is entitled to payment at each time depends on the contractual terms and is assessed by contract. If the criteria are not met, revenue is recognised at point in time.

Revenue is recognised over time by measure of progress. Progress is measured as incurred cost over estimated total project cost. Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

The Group incurs items in the consolidated statement of financial position related to the relationship between performance and consideration received from the customer. The Group presents the position of each contract net, as either an asset or a liability. A contract is recognized as an asset when project expenses and reported revenue exceed invoiced amounts and are reported as contract assets in the consolidated statement of financial position. In the event of advance payment from customers, a liability is recognized and reported as contract liabilities in the consolidated statement of financial position.

The Group does not expect to have any contracts where the time between delivery of goods to the customer and payment from the customer exceeds one year. As a result, the Group does not adjust the transaction price for the effects of a significant financing component. All contracts have an original expected duration of one year or less. The Group applies the practical expedient in IFRS 15 and does not disclose information of transaction price allocated to remaining performance obligations. In the event of agreements with expected terms of one year or more, information of the transaction price distributed to unfulfilled obligations is provided in the notes.

2.7 Government grants
Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the group will comply with all attached conditions. Government grants related to depreciable assets reduce the asset's reported value by the grant. The grant is recognised in the consolidated statement of comprehensive income over the life of a depreciable asset as a reduced depreciation expense.

2.8 Leases

The Group as lessor
A Bawat mobile BWMS is leased to users under operational lease agreements with variable length and payment terms. Revenue from operational lease agreements, where the group is the lessor is accounted for linearly during the lease period. The *Bawat mobile BWMS unit,* leased out, are accounted for under *PPE* with linear depreciation.

The Group as lessee
The Group's leases where the Group is lessee mainly pertain to premises.

For all lease agreements, except below mentioned exemptions, the Group recognizes a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. The lease terms are generally 2-3 years, however options to extend or terminate the lease terms exist.

Liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments
- variable lease payment that are based on an index or a rate

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the lessee's incremental borrowing rate is used. The Group determines the incremental borrowing rate by using the applied rate comprising the long-term liability that is disclosed as liabilities to credit institutions in the consolidated statement of financial position.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability and
- lease payments made at or before the commencement date when the leased asset was made available to the lessee

The Group applies the exemption in IFRS 16 whereas payments associated with short-term leases (a lease term of 12 months or less) and leases of low-value assets are recognized on a straight-line basis as an expense in the consolidated statement of comprehensive income. Leases of low-value assets mainly comprise office equipment.

Options to extend or terminate agreements
Extension and termination options exist in the Groups lease agreements relating to premises. The terms are used to maximise operational flexibility in terms of managing the assets used in the group's operations. Extension and termination options are included in the lease term if the Group is reasonably certain to exercise such options.

Subsequent recognition
The lease liability is revalued if there are any changes in the lease or if there are changes in the cash flow on which the original lease terms are based. Changes in cash flows based on original contract terms arise when; the Group changes its initial assessment whether options for extension and/or termination will be used, when there are changes in previous assessments as to whether a call option will be utilised, or when leasing fees will change due to changes in indices or interest rates. A revaluation of the lease liability leads to a corresponding adjustment of the right-of-use asset. If the carrying amount of the right-of-use asset has already been reduced to zero, the

remaining revaluation is recognised in the income statement. Right-of-use assets are assessed for impairment whenever events or changes in conditions indicate that the carrying amount of an asset cannot be recovered.

Presentation
Right-of-use assets and lease liabilities are reported in a separate line in the consolidated statement of financial position. In the income statement, depreciation on right-of-use assets is reported in the line depreciation and interest expenses on leasing liabilities are reported as a financial cost.

Leasing fees referring to low-value lease agreements and short-term lease agreements are recognised in the income statement as other operating expense. Repayment of the lease liabilities is recognised as cash flow from financing operations. Payments of interest and payments of short-term lease agreements and lease agreements of low value are recognised as cash flow from the operating activities.

2.9 Income tax
The income tax expense for the period is the tax payable on the current period's taxable income, based on the applicable income tax rate for each jurisdiction. The income tax expense is adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the parent company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. The Group measures, when applicable, its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Deferred tax is recognized for all temporary differences that arise between the taxable value of assets and liabilities and their carrying values in the consolidated financial statements. However, a deferred tax liability is not recognized if it arises as a result of the initial recognition of goodwill, nor is a deferred tax liability recognized if it arises as a result of a transaction that constitutes the initial recognition of an asset or a liability that is not a business combination and which, at the date of the transaction, neither impacts the carrying value nor the taxable profit (loss).

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects at the reporting date to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets are recognized to the extent that it is probable that there will be future taxable surpluses against which the temporary differences can be utilized.

Deferred tax assets and tax liabilities are offset when there is a legal right to offset for current tax assets and tax liabilities, and when the deferred tax assets and tax liabilities are attributable to taxes charged by the same tax authorities and are either attributable to the same tax subject or different tax subjects, where there is an intention to settle the balances through net payments.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

2.10 Intangible assets
Patents
Separately acquired intangible assets relating to patents are shown at historical cost. They are reported at fair value at the time of acquisition and amortized on a straight-line basis over the projected useful life. They are reported in subsequent periods at cost less accumulated amortization and impairment. The estimated useful life is in general 10 years, which corresponds to the estimated time these will generate cash flow.

Capitalized expenditure for development activities
Expenditure for development and testing of new or significantly improved processes or systems are recognized as an asset in the consolidated statement of financial position if the following criteria are met:

- it is technically feasible to complete the asset so that it will be available for use,
- it is the Group's purpose to complete the asset so that it will be available for use or sale,
- there are prerequisites to make the asset available for use or sale,
- it is possible to prove how the asset is likely to generate future economic benefits,
- there are adequate technical, economic and other resources to fulfil the development and to make the asset available for use or sale,
- the costs attributable to the asset during development can be reliably measured.

Capitalized development expenditure is recognized as intangible assets and is depreciated from the date when the asset is ready for use. Other development costs are recognized in the statement of comprehensive income as costs when incurred. Development expenditure previously carried at cost is not recognized as an asset in a subsequent period.

Amortization is calculated using the straight-line method. The estimated useful life is in general 5-10 years, which corresponds to the estimated period of time during which these assets will generate cash flows.

2.11 Tangible assets
Property, plant and equipment
Property, plant and equipment consist of fixtures and fittings, tools and equipment. These are recognized at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are added to the asset's carrying value or recognized as a separate asset, depending on which is most suitable, only when it is probable that the future economic benefits attributable to the asset will flow to the Group and the cost of the asset can be reliably measured. The carrying value of the replaced component is derecognized from the consolidated statement of financial position. All other kinds of repairs and maintenance are recognized at cost in the statement of comprehensive income in the period in which they incur.

Depreciation of assets is calculated using the straight-line method to allocate the cost of the assets, net of their residual values, over the estimated useful life as follows:

- Fixtures and fittings, tools and equipment 3 years

The assets' residual values and useful lives are assessed at the end of each reporting period and adjusted, if needed.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Profit or loss from disposals is established through a comparison of the profit from sales and carrying value and is recognized in other operating income/expense in the consolidated statement of comprehensive income.

2.12 **Impairment of non-financial assets**
Intangible assets not ready to use are not subject to amortization and are tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows, which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for reversal of the impairment at the end of each reporting period.

2.13 Financial instruments

a) Initial recognition
Financial assets and financial liabilities are recognised when the Group becomes a party to the financial instrument's contractual conditions. The purchase or sale of a financial asset or financial liability is recognised on the trade date, i.e. the date when the Group commits to buying or selling the asset.

Financial instruments are initially recognised at fair value, plus, for financial assets or financial liabilities that are not recognised at fair value through the income statement, transaction costs that are directly attributable to the acquisition or the issue of a financial asset or financial liability, such as fees and commissions.

b) Financial assets – Classification and measurement
The Group classifies and measures its financial assets in the category of *financial assets measured at amortised cost.*

Financial assets measured at amortised cost
Classification of investments in debt instruments depends on the Group's business model for managing financial assets and on the contractual terms for the assets' cash flow. The Group reclassifies debt instruments only when the Group's business model for the instruments is changed.

Assets held to collect contractual cash flows and where these cash flows are solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is recognised using the effective interest method and is included in finance income.

The Group's financial assets that are measured at amortised cost consist of other receivables (non-current and current), accrued revenue, trade receivables and cash and cash equivalents.

c) Derecognition of financial assets
Purchases and sales of financial assets are recognized on trade date, being the date upon which the Group commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred, and the Group has transferred substantially all the risks and rewards of ownership.

Profits and losses arising from derecognition from the consolidated statement of financial position are recognized directly as other operating income/expense in the consolidated statement of comprehensive income.

d) Financial liabilities—Classification and measurement
The Group classifies and measures its financial liabilities in the category *financial liabilities measured at amortised cost.*

Financial liabilities measured at amortized cost
At initial recognition, the Group measures a financial liability at its fair value plus transaction costs that are directly attributable to the financial liability. After initial recognition, the majority of the Group's financial liabilities are valued at amortized cost applying the effective interest method. The Group's financial liabilities measured at amortized cost comprise liabilities to credit institutions, other liabilities (long-term and short-term) and trade payables.

e) Derecognition of financial liabilities
Financial liabilities are derecognized from the consolidated statement of financial position when the obligations are settled, cancelled or have expired in any other way. The difference between the carrying value of a financial liability that has been extinguished or transferred to another party and the fee paid are reported in the consolidated statement of comprehensive income.

When the terms and conditions of a financial liability are renegotiated and are not derecognized from the consolidated statement of financial position, a profit or loss is reported in the consolidated statement of comprehensive income. The profit or loss is calculated as the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate.

f) Offsetting of financial instruments
Financial assets and liabilities are offset and recognized with a net amount in the consolidated statement of financial position only when there is a legal right to offset the recognized amounts and an intention to balance the items with a net amount or to simultaneously realize the asset and settle the liability.

g) Impairment of financial assets recognized at amortized cost
The Group assesses, on a forward-looking basis, the expected credit losses associated with its debt instruments carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Group applies the simplified approach, i.e., the reserve will correspond to the expected loss over the lifetime of the trade receivables. To measure the expected credit losses, trade receivables have been grouped based on credit risk and days past due. The Group applies forward-looking variables for expected credit losses. Expected credit losses are recognized as other operating expense in the consolidated statement of comprehensive income.

2.14 Trade receivables
Trade receivables are amounts due from customers for goods sold in the ordinary course of business. Trade receivables are recognised initially at the amount of consideration that is unconditional when they are recognised at fair value. The Group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method, less provisions for expected credit loss.

2.15 Cash and cash equivalents
Cash and cash equivalents include cash and available bank balances, both in the statement of financial position and in the cash flow statement.

2.16 Share capital
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

2.17 Liabilities to credit institutions (borrowings)
Liabilities to credit institutions are initially recognized at fair value, net of transaction costs incurred. Liabilities to credit institutions are subsequently measured at amortized cost and any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in the consolidated statement of comprehensive income over the period of the liabilities to credit institutions using the effective interest method.

Liabilities to credit institutions are removed from the consolidated statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the consolidated statement of comprehensive income.

Liabilities to credit institutions are classified as current liabilities, unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

2.18 Trade payables
Trade payables are financial instruments and represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. Trade payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost,

2.19 Employee benefits
Short-term benefits to employees
Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the consolidated statement of financial position.

Post-employment obligations
Within the Group, there are only defined-contribution plans. A defined-contribution plan is a pension plan according to which the Group pays a fixed amount to a separate legal entity. The Group has no legal or constructive obligation to pay additional premiums if this legal entity does not have adequate means to pay all benefits to employees, attributable to their service in current or previous periods. The premiums are reported as personnel costs in the consolidated statement of profit or loss when they fall due.

2.20 Share-based payments—equity settled
The Group grants warrants to certain employees as part of compensation for services rendered. For share-based payment schemes, the fair value of the instruments granted are established at the grant date and recognized as an employee benefits expense, with a corresponding increase in equity.

The fair value at grant date has been determined using the Black-Scholes option-pricing model. The awards only have a service condition whereby the awards vest in 12-month installments over 4 years, which means a term of in total 48 months.

Each of the instalments are treated as separate awards which are expensed on a linear basis for each instalment period i.e., 12 months, 24 months, 36 months and 48 months and is recognized as an employee benefit expense. At the end of each reporting period, the Group revises its estimates of the number of instruments that are expected to vest based on the service conditions and recognizes the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to retained earnings within equity.

2.21 Statement of cash flows
The statement of cash flows is prepared according to the indirect method. The reported cash flow includes transactions that resulted in inflows or outflows.

2.22 Earnings per share
Basic earnings per share is calculated by dividing the net result after tax for the period by the weighted average number of ordinary shares outstanding for the period. Diluted earnings per share is computed using the treasury stock method to the extent that the effect is dilutive by using the weighted-average number of outstanding ordinary shares and potential ordinary shares during the period. The Group's potential ordinary shares consist of incremental shares issuable upon the assumed exercise of warrants, excluding all anti-dilutive ordinary shares outstanding during the period. To make the measurement comparable EPS has been calculated for historical years based on the 1:3 share swap in 2022 (so historically Earnings per 3 shares).

3. Financial risk management

3.1 Financial risk factors
Through its operations, the Group is exposed to various financial risks attributable to primarily trade receivables, trade payables and liabilities to credit institutions. The financial risks are market risk, mainly interest risk and currency risk, credit risk, liquidity risk and refinancing risk. The Group strives to minimize potential unfavorable effects from these risks on the Group's financial results.

The aim of the Group's financial operations is to:

- ensure that the Group can meet its payment obligations,
- manage financial risks,
- ensure a supply of necessary financing, and
- optimize the Group's finance net.

The Group's risk management is predominantly controlled by and after policies owned by the CFO and approved by the Board of Directors. The CEO is responsible to the Board of Directors for the risk management and ensuring that the guidelines and risk mandates are followed and carried out in accordance with established treasury policy.

The CFO identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units. The treasury policy provides principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments and investment of excess liquidity. The treasury policy (a) identifies categories of financial risks and describe how they should be managed, (b) clarifies the responsibility in financial risk management among the Board of Directors, the CEO and the CFO, (c) specifies reporting and control and (d) ensures that the treasury operations of the Group are supporting the overall strategy of the Group.

3.1.1. Market risk

Currency risk (transaction risk)
The Group operates internationally and is exposed to foreign exchange risk. Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities denominated in a currency that is not the functional currency of the relevant Group entity. Primarily, the Group is exposed to currency risk in Group companies with DKK as the functional currency. The primary risks in these companies are DKK/SEK, EUR/DKK and USD/DKK due to sales (trade receivables), purchases (trade payables) and borrowings. Due to the growth profile of the Group it is necessary to maintain a dynamic risk management of currency. CFO monitors forecasted cash flows per currency pair and strives to achieve a natural match between inflow and outflow to the extent possible.

Exposure

The Group's primary exposure to foreign currency risk at the end of the reporting period, expressed in thousands of SEK was as follows:

As at December 31	2024			2023		
	SEK/EUR	SEK/DKK	SEK/oth	SEK/EUR	SEK/DKK	SEK/oth
Trade receivables	3.224	-	-	137	-	394
Borrowings (short and long term)	26.231	32.558		13.750	30.903	-
Other liabilities (short and long term)	1.144	1.836	128	-	4.560	128
Trade payables	3.486	2.521	402	472	2.936	362
Lease liabilities (short and long term)	-	-	-	-	590	-
Total	**-27.637**	**-36.915**	**-530**	**-14.085**	**-38.989**	**-96**

Sensitivity
The Group is primarily exposed to changes in EUR/SEK and DKK/SEK exchange rates. The Group's risk exposure in foreign currencies:

	Impact on loss before tax	Impact on loss before tax
For the year ending December 31	**2024**	**2023**
EUR/SEK exchange rate—increase/decrease 10 %	+/-2.763	+/- 1.408
DKK/SEK exchange rate—increase/decrease 10 %	+/-3.692	+/- 3.899

Currency risk (translation risk)
The Group is also exposed to currency risk when foreign subsidiaries with a functional currency other than SEK are consolidated, primarily for DKK. The Group's policy is not to hedge the translation exposure related to net foreign assets to reduce translation risk in the consolidated financial statements.

Interest-rate risk
The Group debt is based on Cibor 3M and the interest cost is exposed to variations in same.

Sensitivity
Profit or loss is sensitive to higher/lower interest expense primarily from liabilities to credit institutions as a result of changes in interest rates.

	Impact on loss before tax	Impact on loss before tax
For the year ending December 31	**2024**	**2023**
Interest rates—increase/decrease by 100 basis points	+/-588	+/- 447

3.1.2. Credit risk
Credit risk arises primarily from cash and cash equivalents and debt instruments carried at amortized cost.

Financial counterparty credit risk is managed on a Group basis. The external financial counterparties must be high-quality international credit institutions or other major participants in the financial markets, in each case, with a minimum investment grade rating A+

Customer credit risk is mitigated through credit risk assessment, credit limit setting in case of payment obligations overdue and through the contractual terms. There are no significant concentrations of credit risk in regards of exposure to specific industry sectors and/or regions.

The Group has primarily one type of financial asset that is subject to the expected credit loss model:

- Trade receivables and contract assets

Trade receivables
The Group applies the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on days past due. The expected loss rates are based on sales over a period of 36 months before December 31, 2022 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. In cases when the Group has more information on customers than the statistical model reflects, a management overlay is made for those specific customers.

The aging of the Group's trade receivables is as follows:

As at December 31	**2024**	**2023**
Current	-	4
1-30 days past due	3.168	89
31-60 days past due	-	-
61-90 days past due	56	48
91- days past due	-	390
Gross carrying amount	**3.224**	**531**
Allowance for expected credit losses	-	-
Net carrying amount	**3.224**	**531**

The movements in the Group's allowance for expected credit losses of trade receivables are as follows:

	2024	2023
As at January 1	**-**	**-339**
Increase of allowance recognized in the consolidated statement of profit or loss during the year	-	339
As at December 31	**-**	**-**

Trade receivables are written off where there is no reasonable expectation of recovery. Assessments are made individually, in each case, based on indicators that there is no reasonable expectation of recovery. Indicators include, amongst others, the failure of a debtor to engage in a repayment plan with the Group. Impairment losses on trade receivables in other external expenses within the consolidated statement of profit or loss. Subsequent recoveries of amounts previously written off are credited against the same line item.

3.1.3 Liquidity risk

Liquidity risk is the Group's risk of not being able to meet the short-term payment obligations due to insufficient funds. Liquidity risk is mitigated by timely and close follow-up on liquidity plans. The Group and the company are mainly exposed to liquidity risks pertaining to commercial performance, Investment plans and financing of investment plans.

Commercial performance includes execution on planned Gross Profit contributions from Sales. It is mainly sales of mobile BWMS systems to customers and BaaS sales that are driving the planned contribution from sales.

Investment plan included additional equipment to service the growing BaaS market with own equipment.
Bawat are in close control of timing of investments. Hence investments plans are dynamic and will be synchronized with development in commercial plans.

Bawat are mitigating the liquidity risk through management of external loans including financing of investment plan. In addition, Bawat has the possibility of raising further capital, should it be needed.

3.1.4 Refinancing risk

Refinancing risk is defined as the risk of difficulties in refinancing the Group, that financing cannot be achieved, or can only be achieved at a higher cost.

The tables below analyze the Group's financial liabilities into maturity groupings based on their contractual maturities for all applicable financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

December 31, 2024	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	After 5 years	Total contractual cash flows	Carrying amount
Borrowings	833	11.521	17.486	26.771	1.574	58.185	58.789
Lease liabilities	-	-	-	-	-	-	-
Other liabilities	1.876	-	-	-	1.232	3.108	3.108
Trade payables	6.409	-	-	-	-	6.409	6.409
Total	**9.118**	**11.521**	**17.486**	**26.771**	**2.806**	**67.702**	**68.306**

December 31, 2023	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	After 5 years	Total contractual cash flows	Carrying amount
Borrowings	914	10.456	17.668	28.413	1.530	58.981	44.653
Lease liabilities	203	406	-	-	-	609	589
Other liabilities	2.297	530	-	-	1.861	4.688	4.688
Trade payables	3.771	-	-	-	-	3.771	3.771
Total	**7.185**	**11.392**	**17.668**	**28.413**	**3.391**	**68.049**	**53.701**

3.1 Capital management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern, so that the Group can continue its business and provide future returns for shareholders and benefits for other stakeholders. The group is focused on growing business as fast as possible, but always on healthy commercial terms. In first instance, the goal is to reach break-even from an operational point of view. After that is achieved, focus will be also on reduction of debt to obtain an optimal capital structure and reduce cost of capital. Only after these first goals are achieved the Group will start evaluating the possibility of dividend payments to shareholders. Group solidity target is to be above 15%.

4. Significant Accounting judgements, Estimates and Assessments

The preparation of the consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities and equity in the consolidated financial statements and the accompanying disclosures. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events. Uncertainty about these assumptions and the use of accounting estimates may not equal the actual results. This note provides an overview of the areas that involved a higher degree of judgment or complexity.

Valuation of loss carry-forwards
A deferred tax asset is only recognized for loss carry-forwards, for which it is probable that they can be utilized against future tax surpluses and against taxable temporary differences. The loss carry-forwards as at December 31, 2022, 2021 and 2020 are not recognized in the Group as these are not expected to be utilized in the foreseeable future. Refer to Note 10 for further details.

Recognition of income from customer contracts
The valuation of ongoing projects is based on measurement of progress and the revenue is recognized in line with the percentage of completion. The percentage of completion is mainly determined on the basis of incurred project costs in relation to estimated incurred project costs at final completion. A contract is recognized as an asset when project expenses and reported revenue exceed invoiced amounts and are reported as contract assets in the consolidated statement of financial position. In the event of advance payment from customers, a liability is recognized and reported as contract liabilities in the consolidated statement of financial position. Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change and there may be a risk that the estimated revenue may deviate with an adjustment in the period in which the circumstances that give rise to the revision become known by management.

Shares in subsidiaries
The parent company owns shares in subsidiaries in Bawat A/S, the booked value of the shares amounts to 150 MSEK in the balance sheet. The Group's revenue generating operations are carried out in the subsidiary. Bawat Water Technologies AB performs an impairment test annually of the subsidiary's value in use or when there is an indication that the value in use is below the subsidiary's book value. Substantial deviations between forecasts and actual outcomes as part of impairment testing can result in a changed assessment of the asset's value.

Intangible assets
The Group capitalizes development costs for projects and patents in accordance with the disclosed accounting policies. Initial capitalization is based on Management’s judgment that technical and financial feasibility is achieved. Management regularly estimates whether the development project is likely to generate future economic benefits for the Group in order to qualify for recognition. The Group capitalize development costs as intangible assets to the extent that the criteria in IAS 38 Intangible Assets are met and approval from the appropriate regulatory body is received. Refer to note 13 for further information of the carrying amount of capitalized development costs and patents.

5. Revenue from contracts with customers

5.1 Disaggregation of revenue from customer contracts

The Group is domiciled in Sweden. No external sales were recorded in Sweden until now. Revenue is allocated and evaluated by the Group into the following areas:

For the year ending December 31	Geographical area Europe	Geographical area Asia	Geographical area North America	Total
2024				
Revenue from sales of goods	8.805	411	5.368	**14.584**
2023				
Revenue from sales of goods	2.135	1.969	18.571	**22.675**

Inside the respective geographical areas are included the following Countries with more than 10% of total revenue:

Denmark 24% (2024), Germany 19% (2024), Cayman Island 19% (2024), USA 19% (2024) & 50% (2023), Trinidad 31% (2023).

5.2 Segment assets

The total of non-current assets other than financial instruments and deferred tax assets, broken down by location of the assets, is shown in the following tables:

At December 31	2024	2023
Sweden	-	-
Denmark	28.643	34.756
Total	**28.643**	**34.756**

6. Renumeration to auditors

For the year ending December 31	2024	2023
PwC		
Audit assignment	630	1.003
Audit work other than audit assignment	331	242
Other services	31	88
Total	**992**	**1.333**
Other auditors		
Audit work other than audit assignment	30	32
Total	**30**	**32**

The audit assignment pertains to the examination of the annual report and the accounting as well as the Board's and CEO's administration, all other tasks incumbent on the company's auditor as well as any consultancy or other services brought about by the observations made during such an examination or the performance of other such tasks.

7. Employee benefits

The disclosure amounts are based on the expense recognized in the consolidated statement of profit or loss.

Salaries, other benefits and social security expenses		
For the year ending December 31	**2024**	**2023**
Salaries and other renumeration (*of which bonus)*	13.845	14.471
Social security expenses	184	197
Share-based payments	79	192
Pension costs – defined contribution plans	1.378	1.488
Other Employee cost	2.638	2.543
Total employee benefits	**18.124**	**18.891**

Other Employee cost includes cost for 2 full time contracted service Engineers.

Salaries, other benefits and social security expenses - Board members, Chief Executive Officer and other Senior Executives (1 person)		
For the year ending December 31	**2024**	**2023**
Salaries and other renumeration (*of which bonus)*	4.508	3.902
Social security expenses	31	31
Share-based payments	56	131
Pension costs – defined contribution plans	293	266
Total	**4.888**	**4.330**

Remuneration was paid to two members of the Board in 2024. The CEO of Bawat Water Technologies AB is employed in Denmark in the operating company Bawat A/S. For the CEO, a notice period of 6 (+12) months applies if a termination of employment should be initiated by the company. Should a termination of employment be initiated by the CEO, the notice period is 6 months.

Salaries, other benefits and social security expenses - Chief Executive Officer		
For the year ending December 31	**2024**	**2023**
Salaries and other renumeration (*of which bonus)*	2.446	2.235
Social security expenses	15	15
Share-based payments	33	76
Pension costs – defined contribution plans	181	164
Total	**2.675**	**2.490**

Average number of employees per country						
	2024			**2023**		
For the year ending December 31	**Total**	**Men**	**Women**	**Total**	**Men**	**Women**
Sweden	-	-	-	-	-	-
Denmark	12	10	2	13	11	2
Total	**12**	**10**	**2**	**13**	**11**	**2**

	2024			**2023**		
For the year ending December 31	**Total**	**Men**	**Women**	**Total**	**Men**	**Women**
Board members	4	3	1	4	3	1
CEO and other Senior Executives	2	2	-	2	2	-
Total, Group	**6**	**5**	**1**	**6**	**5**	**1**

Share-based payments
The Group grants warrants to certain employees as part of compensation for services rendered. The fair value at grant date has been determined using the Black-Scholes option-pricing model. The awards only have a service condition whereby the awards vest in 12-month installments over 4 years, which means a term of in total 48 months.

Each of the instalments are treated as separate awards which are expensed on a linear basis for each instalment period i.e., 12 months, 24 months, 36 months and 48 months and is recognized as an employee benefit expense. At the end of each period, the Group revises its estimates of the number of instruments that are expected to vest based on the service conditions and recognizes the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to retained earnings within equity.

Set out below are summaries of warrants granted under the plans:

	Average exercise price per warrant	Number of warrants
As at January 1, 2023	**6 DKK**	**463.220**
Granted during the year	-	-
Redeemed during the year	6 DKK	-4.570
As at December 31, 2023	**6 DKK**	**458.650**
Granted during the year	-	-
Redeemed during the year	6 DKK	-13.823
As at December 31, 2024	**6 DKK**	**444.827**

Warrants outstanding at the end of the year have the following expiry dates and exercise prices:

Grant date	Contractual expiry date	Exercise price	Warrants December 31, 2024
January 1, 2021	December 31, 2024	6 DKK	444.827
Total			**444.827**

The model inputs for warrants granted during the year included:

	2021
Weighted average exercise price	6 DKK
Grant date	Jan 1, 2021
Contractual term	4 years
Weighted average share price at grant date	6 DKK
Expected price volatility of the Company's shares	40.00
Risk-free interest rate	0.0001

8. Finance income and expenses

For the year ending December 31	2024	2023
Interest income	68	109
Other finance income	-	-
Foreign exchange difference	459	143
Total finance income	**527**	**252**
Interest expenses—loan from credit institutions	-7.101	-4.773
Interest expenses—lease liabilities	-20	-79
Other financial expenses	-919	-145
Foreign exchange difference	-1.061	-669
Total finance expenses	**-9.101**	**-5.666**
Finance net	**-8.574**	**-5.414**

9. Net exchange-rate differences

The exchange-rate differences recognized in the consolidated statement of profit or loss are included as follows:

For the year ending December 31	2024	2023
Other operating income and expense, net	-	-
Finance income and expenses (Note 8)	-602	-526
Exchange-rate differences—net	**-602**	**-526**

10. Income tax

The major components of income tax expense are:

For the year ending December 31	2024	2023
Current tax:		
Current income tax charge	-	-
Adjustments in respect of income tax of previous years	-	-
Deferred tax:		
Relating to origination and reversal of temporary differences	-	-
Income tax expense reported in the consolidated statement of profit or loss	**-**	**-**

For the year ending December 31	**2024**	**2023**
Result before tax	**-41.314**	**-33.603**
At Sweden's corporate income tax rate of 20.6 % (2020: 21.4 %)	8.511	6.922
Effect of tax rates in foreign jurisdictions	494	436
Non-deductible costs	-522	-65
Adjustments in respect of income tax of previous years		
Change in unrecognized deferred taxes	-8.483	-7.294
Tax effect of changes in tax rates		
Other		
Income tax expense	**-**	**-**

Deferred tax

Deferred tax relates to the following:		
At December 31	**2024**	**2023**
Tax losses carried forward	-215.754	-179.029
Temporary differences	28.552	35.395
Leases		
Net deferred tax asset	**-187.232**	**-143.634**
Reflected in the consolidated statement of financial position as follows:		
Deferred tax assets	-	-
Deferred tax liabilities	-	-
Deferred tax liabilities, net	**-**	**-**
Not reflected in the consolidated statement of financial position as follows:		
Unrecognised Deferred tax asset	**-41.015**	**-31.478**

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority. Deferred income tax assets are recognized for tax loss carry-forwards, temporary differences, or other tax credits to the extent that the realization of the related tax benefit through future taxable profits is probable.

A reconciliation of net deferred tax is shown in the table below:

	2024	2023
Balance at January 1	**31.478**	**24.515**
Movement unrecognized in the consolidated statement of profit or loss	8.483	7.294
Exchange differences	1.054	-330
Balance at December 31	**41.015**	**31.478**

In the Danish subsidiary, a deferred income tax asset has been recognized to the extent that there are sufficient taxable temporary differences relating to the same taxation authority and the same taxable entity.

The Group's accumulated loss carry-forwards amounted to 215.754 kSEK. The Group has unrecognized tax losses that arose in Sweden of kSEK 12.132 that are available indefinitely for offsetting against future taxable profits of the companies in Sweden. Furthermore, the Group has unrecognized tax losses in Denmark amounting to kSEK 203.622.

No deferred income tax asset has been recognized for the tax losses in Sweden since, according to the Group, the criteria for reporting deferred tax assets in IAS 12 were not met. If the Group would recognize a deferred income tax impact for the unrecognized tax losses in Sweden, the deferred tax impact would amount to 2.500 kSEK.

Further, no deferred income tax asset has been recognized for the tax losses in Denmark, except for the deferred income tax asset as shown above for which sufficient taxable temporary differences exist and that relates to the Danish entity and the corresponding tax authority. If the Group would recognize a deferred income tax impact for the unrecognized tax losses in Denmark, the deferred tax impact would amount to 44.797 kSEK.

Tax loss carry-forwards as of December 31 2024 were expected to expire as follows:

Expected expiry	**Less than 5 years**	**Unlimited**	**Total**
Tax loss carry-forwards		215.754	215.754

Utilization of loss carry-forwards in jurisdictions in which the Group operates may be subject to limitations if there is a change in control.

11. Earnings per share

Earnings per share	**2024**	**2023**
Profit for the year attributable to the Parent Company's ordinary shareholders	-41.314	-33.605
Weighted average number of ordinary shares outstanding during the year, (thousands)	60.885	47.266
Earnings per share, SEK	**-0,68**	**-0,71**

Potential dilutive instruments that were not included in the diluted loss per share calculations because they would be antidilutive (due to reported losses) were as follows:

	2024	2023
Warrants	444.827	458.650

12.Investments in subsidiaries

Name	Proportion of shares and voting rights (directly or indirectly) (%) Dec 31, 2024	Proportion of shares and voting rights (directly or indirectly) (%) Dec 31, 2023	Number of shares	Carrying amount December 31, 2024
Direct ownership				
Bawat A/S	100%	100%	10.273.071	150.000

13. Intangible assets

	Patents	Capitalized development projects	Total
Cost			
At January 1, 2023	**5.996**	**81.713**	**87.709**
Additions	520	710	1.230
Transfers	-	-	-
Exchange differences	-28	-377	-405
At December 31, 2023	**6.488**	**82.046**	**88.534**
Additions	307	34	341
Transfers	-	-	-
Exchange differences	222	2.804	3.026
At December 31, 2024	**7.017**	**84.884**	**91.901**
Accumulated amortization			
At January 1, 2023	**-3.386**	**-46.969**	**-50.355**
Amortization charge	-395	-8.583	-8.978
Exchange differences	16	217	232
At 31 December, 2023	**-3.765**	**-55.335**	**-59.100**
Amortization charge	-474	-8.147	-8.621
Exchange differences	-129	-1.891	-2.020
At 31 December, 2024	**-4.368**	**-65.373**	**-69.741**
Cost, net accumulated amortization			
At December 31, 2023	2.723	26.711	29.434
At December 31, 2024	2.649	19.511	22.160

14. Property, plant and equipment

	Property, plant, and equipment
Cost	
At January 1, 2023	**4.433**
Additions	1.467
Exchange differences	-20
At December 31, 2023	**5.879**
Additions	2.080
Exchange differences	201
At December 31, 2024	**8.160**
Accumulated depreciation	
At January 1, 2023	**-949**
Depreciation charge	-153
Exchange differences	4
At December 31, 2023	**-1.098**
Depreciation charge	-541
Exchange differences	-38
At December 31, 2024	**-1.677**
Cost, net accumulated amortization	
At December 31, 2023	4.781
At December 31, 2024	6.483

15. Leases

This note provides information for leases where the Group is a lessee.

15.1 Extension and termination options

Extension and termination options are used to maximize operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

Amounts recognized in the consolidated statement of financial position.
The consolidated statement of financial position discloses the following amounts relating to leases:

At December 31	**2024**	**2023**
Right-of-use assets		
Premises	-	541
Total	-	**541**
Lease liabilities		
Non-current	-	-
Current	-	590
Total	-	**590**

15.2 Amounts recognized in the consolidated statement of profit or loss

The consolidated statement of profit or loss discloses the following amounts relating to leases:

Depreciation charge of right-of-use assets	**2024**	**2023**
Premises	556	745
Total		
Interest expense (included in finance cost)	20	79
Expense relating to short-term leases	-	-
Expense relating to leases of low-value assets that are not shown above as short-term leases	18	19

The total cash outflow for leases in 2024 was:

CF total outflow for leases	**2024**	**2023**
Amortization	-607	-760
Interest expense	-20	-79
Expense relating to short-term leases	-	-
Expense relating to leases of low-value assets that are not shown above as short-term leases	-18	-19
Total	**-645**	**-858**

For further information on the maturity of the lease liability, see Note 3.1.4.

16. Other non-current receivables

	December 31, 2024	December 31, 2023
Other receivables		
Deposits	322	307
Total	**322**	**307**

Other non-current receivables primarily include deposit related to lease agreement for premises Agern Alle 5A, 1. Hørsholm Denmark

17. Financial instruments per category

The Group classifies and measures all its financial assets in the category of financial assets measured at amortised cost and its financial liabilities in the category financial liabilities measured at amortised cost.

The Group's financial assets that are measured at amortised cost consist of other receivables (non-current and current), accrued revenue, trade receivables and cash and cash equivalents.

The Group's financial liabilities measured at amortized cost comprise liabilities to credit institutions, other liabilities (long-term and short-term) and trade payables

Fair value hierarchy
This section explains the judgments and estimates made in determining the fair values of the financial instruments that are recognized and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standards.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques, which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

The Group has financial instruments that are classified at amortized cost. The fair value of liabilities to credit institutions is estimated to correspond to the carrying amount since all borrowing is at a floating interest rate, and the credit risk in the Group has not changed significantly.

The carrying amount of other financial instruments in the Group is a reasonable approximation of fair value since they are short-term, and the discount effect is not significant.

18. Other short-term receivables

At December 31	2024	2023
Trade receivables	3.224	531
Less: allowance for expected credit losses	-	-
Trade receivables-net	**3.224**	**531**

Carrying amounts, by currency, for the Group's trade receivables are as follows:

	2024	2023
EUR	3.224	137
USD	-	390
DKK	-	-
Other	-	4
Total	**3.224**	**531**

For more information on aging schedule and the allowance for expected credit losses, please see Note 3.1.2. The maximum exposure to credit risk on the date of the statement of financial position is the carrying amounts according to the above.

19. Other short-term receivables

At December 31	2024	2023
Receivable VAT	65	786
Receivable regarding JV upstart	34	835
Sales to be invoiced	1.151	-
Prepaid components for customer orders	442	366
Total	**1.692**	**1.987**

20. Prepaid expenses and deferred income

At December 31	2024	2023
Accrued cost	618	771
Prepaid cost service provider	0	0
Total	**618**	**771**

21. Cash and cash equivalents

The consolidated statement of financial position and the consolidated statement of cash flows include the following items in "cash and cash equivalents":

At December 31	2024	2023
Bank balances	13.611	2.260
Total	**13.611**	**2.260**

22. Share capital and other contributed capital

	Number of A-shares(thousands)	Par value	Share capital (kSEK)	Other contributed capital (kSEK)
Balance at January 1, 2023	**39.542**	**0,0165**	**652**	**55.343**
New share issue	11.752	0,0165	194	18.608
Related transaction cost				-3.515
Balance at December 31, 2023	**51.294**	**0,0165**	**846**	**70.436**
New share issue	**21.648**	0,0165	**357**	**31.867**
Related transaction cost				-3.115
Balance at December 31, 2024	**72.942**	**0,0165**	**1.203**	**99.188**

As at December 31, 2024, the Company's share capital consisted of 72.941.830 A-shares with a par value of SEK 0,0165. The shares carry a voting power of one vote/share. All shares issued by the parent are fully paid. Other contributed capital consists of share premium, shareholders contribution.

During 2024, three Directed Share Issues were conducted. In total 21.648.209 new shares were issued:
- In January 2024: 4.060.000 shares @ 1,60 SEK
- In June 2024: 350.000 shares @ 1,60 SEK
- In August 2024: 17.238.209 Shares @ 1,46 SEK

23. Borrowings (Liabilities to credit institutions)

At December 31	**2024**	**2023**
Non-current liabilities to credit institutions	45.229	35.073
Current liabilities to credit institutions, consisting of the following:		
- Liabilities to credit institutions	13.560	9.579
Total	**58.789**	**44.652**

Collateral

Loans are secured by first ranking floating charge DKK 20.3 million over the assets of the Borrowers together with share pledge over the shares of the Borrower.

24. Other current liabilities

At December 31	**2024**	**2023**
Withheld taxes and holiday allowance employees	1.292	1.914
Prepayments from customers	126	-
Other cost payable	1.690	2.774
Total	**3.108**	**4.688**

25. Related party disclosures

The Group is majority and beneficially owned by Bawat Water Technologies AB (Org No 559338-6443), Office adress in Stockholm. Related parties are major shareholders in Bawat Water Technologies AB and before 22. February 2022 in Bawat A/S, as well as the Board of Directors and key management (senior executives and their associates) in the Bawat Group. Information about key management compensation is found in Note 7 Employee benefits.

The following transactions have incurred with related parties:	**2024**	**2023**
Loan agreements, paid back before closing date		
SelfInvest, loan to Bawat A/S	-	3.350
Chairman and shareholder Klaus Nyborg, loan	568	1.489
Total	**568**	**4.838**

Receivables and liabilities by the end of the year related to loan agreements with related parties		
At December 31	**2024**	**2023**
Liabilities to related parties		
SelfInvest, loan to Bawat A/S	-	-
Chairman and shareholder Klaus Nyborg, loan	-	-
Homarus Holding A/S, loans to Bawat A/S	-	-

26. Changes in liabilities attributable to financing activities

	Borrowings	**Leases**	**Total**
Balance at January 1, 2023	**30.118**	**1.330**	**31.448**
Cash flows	-3.898	-760	-4.658
Non-cash flows:			
Foreign exchange adjustments	-797	20	-777
Loan from NEFCO	14.908		14.908
Net financial cost added to borrowings	4.321		4.321
Balance at December 31, 2023	**44.652**	**590**	**45.242**
Cash flows	-5.522	-607	-6.129
Non-cash flows:			
Foreign exchange adjustments	1.669	17	1.686
Loan from NEFCO	11.636		11.636
Net financial cost added to borrowings	6.354		6.354
Balance at December 31, 2024	**58.789**	**0**	**58.789**

27. Commitments and contingencies

Commitments

EIFO (previously The Green Investment Fund) and Nefco have a shared pledge in the shares in Bawat A/S as security for payments obligation on existing loan in Bawat A/S.

Legal contingencies

As collateral for debt to credit institutions a company pledge of 31.255 kSEK has been provided comprising goodwill, intellectual property rights, other plant, fixtures and fittings, tools and equipment, inventories as well as trade receivables.

28. Significant events after the financial year

See Management Report

PARENT COMPANY PROFIT OR LOSS

(in SEK thousands)	Notes	2024	2023
Total operating revenue		550	530
Other external costs	31	-2.927	-3.497
Personnel costs	32	-	-
Total operating expenses		**-2.927**	**-3.497**
Operating profit/loss		**-2.377**	**-2.967**
Result from subsidiary		-41.978	-89.737
Finance income	33	67	839
Finance expenses	33	-1.055	-8
Finance Income – net		**-1.128**	**831**
Profit/loss before income tax		**-45.343**	**-91.873**
Income tax	34	**-**	**-**
Profit/loss for the year		**-45.343**	**-91.873**

The Parent Company has no items that are recognized as other comprehensive income. Total comprehensive income for the period equals profit/loss for the year.

PARENT COMPANY STATEMENT OF FINANCIAL POSITION

(in SEK thousands)	Notes	December 31, 2024	December 31, 2023
ASSETS			
Financial Assets			
Shares in subsidiaries	35	150.000	150.000
Total Financial Assets		**150.000**	**150.000**
Current assets			
Intercompany receivables		661	111
Prepayments and other receivables		479	974
Cash and cash equivalents	36	1.457	936
Total current assets		**2.597**	**2.021**
TOTAL ASSETS		**152.597**	**152.021**

(in SEK thousands)	Notes	December 31 2024	December 31 2023
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital	37	1.203	846
Unrestricted equity			
Additional paid-in capital		299.005	270.253
Retained earnings (incl. profit for the year)		-178.892	-133.549
Total Retained earnings		120.113	136.704
Total equity		**121.316**	**137.550**
Liabilities			
Borrowings		**11.507**	**-**
Current liabilities			
Trade payables		530	302
Intercompany liabilities		19.244	14.169
Total current liabilities		**19.774**	**14.471**
TOTAL EQUITY AND LIABILITIES		**152.597**	**152.021**

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

		Restricted equity	Non-restricted equity		
(in thousands of SEK)	**Notes**	**Share capital**	**Additional paid in capital**	**Retained earnings (incl. profit for the year)**	**Total equity**
Balance at January 1, 2023		**652**	**255.160**	**-41.677**	**214.135**
Profit/loss for the year and other comprehensive income		**-**	**-**	-91.873	**-91.873**
Transactions with owners in their capacity as owners:					
Issue of shares	22	194	18.608	**-**	**18.802**
Share issue related transaction costs	22		-3.515	**-**	**-3.515**
Balance at December 31, 2023		**846**	**270.253**	**-133.550**	**137.550**
Profit/loss for the year and other comprehensive income		-	-	-45.343	**-45.343**
Transactions with owners in their capacity as owners:					
Issue of shares	22	357	31.867	-	**32.224**
Share issue related transaction costs	22		-3.115	-	**-3.115**
Balance at December 31, 2024		**1.203**	**299.005**	**-178.892**	**121.316**

PARENT COMPANY STATEMENET OF CASH FLOWS			
(in thousands of SEK)	**Notes**	**2024**	**2023**
Cash flows from operating activities			
Operating profit/loss		-2.377	-2.967
- Interest received	33	67	839
- Interest paid	33	-1.160	-8
- Income taxes paid			
Cash flow from operating activities before working capital change		**-3.470**	**-2.136**
Changes in working capital:			
- Increase/decrease in receivables		-357	40
- Increase/decrease in payables		627	4.508
Cash flows from operating activities		**-3.200**	**2.412**
Cash flows from investing activities			
Shareholder contribution	35	**-41.978**	**-16.856**
Cash flows from investing activities			
Financing activities			
Proceeds from issuance of shares	22	32.225	18.802
Share issue related transaction costs	22	-3.116	-3.515
Borrowings		11.636	
Borrowings Group companies		4.955	
Cash flows from financing activities		**45.700**	**15.287**
Net increase/(decrease) in cash and cash equivalents		**522**	**843**
Cash and cash equivalents at January 1, 2024		935	92
Cash and cash equivalents at December 31, 2024		**1.457**	**935**

Notes to the parent company financial statements

29. Summary of significant accounting principles

The principal accounting policies used in the preparation of this financial report are set out below. These policies have been consistently applied unless otherwise stated. All amounts are in thousands of SEK unless otherwise stated.

32.1 Basis for preparation
The Parent Company's accounting and valuation policies comply with the Swedish Annual Accounts Act and Swedish Financial Reporting Board recommendation RFR 2 Accounting for Legal Entities. The application of RFR 2 requires that the Parent Company as legal entity shall apply all IFRS adopted by the EU and statements to the extent that this is possible within the framework of the Annual Accounts Act and the Pension Obligations Vesting Act and with consideration to the relationship between accounting and taxation.

The Parent Company applies other accounting policies than the Group in the cases stated below:

32.2 Presentation format
The income statement and balance sheet are presented in accordance with the presentation format prescribed in the Swedish Annual Accounts Act. The presentation format for the statement of changes in equity is also consistent with the Group's format but shall also include the columns stated in the Swedish Annual Accounts Act. Moreover, there is a difference in terms, compared with the consolidated accounts, mainly regarding financial income and expenses, and equity.

32.3 Participations in subsidiaries
Participations in subsidiaries are recognized using the cost method, which means that the investments are recognized in the balance sheet at cost less any impairment. The cost includes acquisition-related costs and any contingent consideration. The recoverable amount is calculated if there is an indication of impairment of participations in subsidiaries. If this value is lower than the carrying amount, an impairment loss is recognized.

32.4 Financial instruments
IFRS 9 is not applied in the Parent Company. Instead, the Parent Company applies the items set out in RFR 2 (IFRS 9 Financial instruments, p. 3-10). Financial instruments are measured based on cost. Financial assets acquired with the intention of holding them on a short-term basis will be recognized in subsequent periods in accordance with the lower value principle at the lower of cost and market value.

When calculating the net realizable value of receivables, the policies for impairment testing and loss risk provision in IFRS 9 are applied. For a receivable recognized at amortized cost at the Group level, this means that the loss risk provision recognized in the Group in accordance with IFRS 9 is also to be recognized in the Parent Company.

32.5 Leases
The Parent Company has chosen not to apply IFRS 16 Leases but has instead chosen to apply RFR 2. This means that no right-of-use assets and lease liabilities are recognized in the balance sheet. Lease payments are recognized as a cost on a straight-line basis over the lease term.

30. Intra-Group purchases and sales

	2024	**2023**
Percentage of total purchases during the year from other Group companies	20%	15%
Percentage of total sales during the year to other Group companies	100%	100%

31. Remuneration to the auditors

	2024	2023
PwC		
Audit engagement	370	754
Auditing activities in addition to the audit engagement	95	190
Tax advisory services	-	-
Other services	-	-
Total	**465**	**944**

Audit engagement refers to the examination of the annual accounts and accounting records, as well as the administration of the Board of Directors and the CEO, other tasks incumbent on the company's auditor as well as advice and other assistance occasioned by observations made in the course of such examination or the performance of such other tasks.

32. Employee benefits

No remuneration was paid to members of the Board. The CEO of Bawat Water Technologies AB is employed in Denmark in the operating company Bawat A/S. See note 7 for remuneration of the CEO.

33. Finance income and expenses

	2024	2023
Interest income from Group companies	-	797
Exchange-rate differences	-	-
Other interest income	67	42
Total other interest income and similar profit/loss items	**67**	**839**
Interest borrowings	786	-
Other interest expenses	4	8
Exchange-rate differences	265	-
Total interest expenses and similar profit/loss items	**1.055**	**8**

34. Income tax

	2024	2023
Total reported tax	0	0

Reconciliation of tax expenses and loss in the accounts, multiplied by current corporate tax rate:		
	2024	**2023**
Loss after financial items	-3.365	-2.136
Estimated Swedish income tax 20.6%	-693	-440
Non-deductible expense	-	-
Tax losses and other temporary differences for which deferred tax assets are not recognized	+693	+440
Total reported tax	-	-

Deferred tax

Deferred tax assets are recognized on tax loss carry-forwards or other deficits to the extent that it is probable that these can be used against future taxable profits. No deferred tax assets have been recognized, since the Parent Company does not believe that the criteria in IAS 12 for recognizing deferred tax have been met.

35. Participations in Group companies

For the year ending December 31	2024	2023
Opening balance	150.000	200.324
Additions	-	-
Shareholders' contributions	41.978	39.413
Result in subsidiary	-41.978	-89.737
Carrying amount	**150.000**	**150.000**

36. Cash and bank balances

For the year ending December 31	2024	2023
Bank deposits	1.457	936
Total	**1.457**	**936**

37. Share capital

Refer to Group Note 22 for information on the Parent Company's share capital.

38. Pledged assets and contingent liabilities

Nordea has issued a guarantee for the company’s payment obligations towards Euroclear 50 kSEK deposit has been pledged to cover the obligation.

EIFO (previously The Green Investment Fund) and Nefco have a shared pledge in the shares in Bawat A/S as security for payments obligation on existing loan in Bawat A/S.

39. Related party disclosures

For related-party transactions and information on loans issued to related parties, refer to Group Note 25.

40. Significant events after the financial year

The financial statements for 2024 have been prepared on a going concern basis which includes the assessment of the cash available and the projections made by the Company. The Company successfully raised new equity in 2024 and again in January 2025. In combination with the projected cashflow from its operation, the Management and Board of Directors are of the view that sufficient funds are available for the accounting year 2025 and well into 2026. Should the projections not materialize, measures can be taken to reduce costs and investments as well as raising additional funds when needed.

For other significant events after the financial year, refer to Group Note 30.

41. Proposed appropriation of profits

The Board of Directors proposes that profits available for distribution (SEK):	
Retained earnings	165.455.545
Loss for the year	-45.342.956
Be appropriated as follows to be carried forward	120.112.589

The Board of Directors and CEO affirm that the consolidated accounts have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and provide a true and fair view of the Group's profit and financial position. The Annual Report has been prepared in accordance with generally accepted accounting policies and provides a true and fair view of the Parent Company's profit and financial position.

The administration report for the Group and the Parent Company provides a fair review of the development of the Group's and Parent Company's operations, profit and financial position and describes material risks and uncertainty factors faced by the Parent Company and the companies included in the Group.

Stockholm, April 25, 2025

Klaus Nyborg Chairman of the Board	Marcus Hummer CEO
Charlotte Hummer Vad	
Steffen Jacobsen	Lars H. Hansen

Audit report was submitted on the date indicated by our electronic signature,
Öhrlings PricewaterHouseCoopers AB

Patrik Larsson
Authorized Public Accountant

Auditor's report

To the general meeting of the shareholders of Bawat Water Technologies AB, corporate identity number 559338-6443

Report on the annual accounts and consolidated accounts

Opinions

We have performed an audit of the annual accounts and consolidated accounts of Bawat Water Technologies AB for year 2024.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2024 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act.
The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2024 and their financial performance and cash flow for the year then ended in accordance with IFRS Accounting Standards, as adopted by the EU, and 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 statement of profit or loss and statement of financial position 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.

Responsibilities of the Board of Directors 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 and, concerning the consolidated accounts, in accordance with IFRS Accounting Standards, as adopted by the EU, and 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 and 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 intends to liquidate the company, cease operations or has no realistic alternative to doing any of this.

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 the Swedish Inspectorate of Auditors' website: 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 Directors and the Managing Director of Bawat Water Technologies AB for year 2024 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 Directors 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 Directors 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 and group's type of operations, size and risks place on the size of the parent company's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company’s organization and the management of the company’s affairs. This includes among other things continuous assessment of the company and 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 the Swedish Inspectorate of Auditors’ website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

Malmö the date indicated by our electronic signature

Öhrlings PricewaterhouseCoopers AB

Patrik Larsson
Authorized Public Accountant

This is a translation of the Swedish language original. In the event of any differences between this translation and the Swedish language original, the latter shall prevail.