Bawat
Ballast Water Management

SUSTAINABLE DEVELOPMENT GOALS

INVITATION TO SUBSCRIBE FOR UNITS IN

BAWAT WATER TECHNOLOGIES AB

Admission to trading on Nasdaq First North Premier Growth Market in Stockholm

DISTRIBUTION OF THIS PROSPECTUS AND PARTICIPATION IN THE OFFERING ARE SUBJECT TO LIMITATIONS IN CERTAIN JURISDICTIONS, SEE "IMPORTANT INFORMATION".

This prospectus was approved by the Swedish Financial Supervisory Authority on March 1, 2022. In accordance with article 12.1 of Regulation (EU) 2017/1129 of the European Parliament and the council, this prospectus is valid until and including March 1, 2023, provided that the prospectus is completed by any supplement required pursuant to article 23 of the above-mentioned regulation. The obligation to make supplements to a prospectus in the event of new significant factors, errors, or material inaccuracy, ceases at the end of the validity of the prospectus.

Nasdaq First North Premier Growth Market is a registered SME growth market, in accordance with the Directive on Markets in Financial Instruments (EU 2014/65) as implemented in the national legislation of Denmark and Sweden, operated by an exchange within the Nasdaq group. Issuers on Nasdaq First North Premier Growth Market are not subject to all the same rules as issuers on a regulated main market, as defined in EU legislation (as implemented in national law). Instead, they are subject to a less extensive set of rules and regulations adjusted to small growth companies. The risk in investing in an issuer on Nasdaq First North Premier Growth Market may therefore be higher than investing in an issuer on the main market. All issuers with shares admitted to trading on Nasdaq First North Premier Growth Market have a Certified Adviser who monitors that the rules are followed. The respective Nasdaq exchange approves the application for admission to trading.

Translution Capital

Nordnet

IMPORTANT INFORMATION TO INVESTORS

DEFINITIONS

Unless otherwise specified, the following definitions apply in this Prospectus: **Bawat, the Company** or the Group refers to the issuer Bawat Water Technologies AB, registration number 559338-6443, and where applicable, the company group of which Bawat Water Technologies AB is the parent company. **Subsidiary** refers to the wholly owned subsidiary Bawat A/S, registration number 34053499. The commercial activities described in this Prospectus refer to the activities of the 100% owned operational entity Bawat A/S. The **Offering** refers to the invitation to the public in Sweden, Norway, Denmark, and Finland to subscribe for units ("**Units**") in Bawat. **Euroclear** refers to Euroclear Sweden AB. **Translution Capital** refers to Translution Capital ApS, Copenhagen. **Nordic Issuing** refers to Nordic Issuing AB, registration number 559338-2509 which act as issuing agent.

APPROVALS

This prospectus (the "**Prospectus**") has been prepared as an EU Growth Prospectus under Article 15 under the Prospectus Regulation (EU 2017/1129) ("**Prospectus Regulation**"). The Swedish Financial Supervisory Authority ("**SFSA**") has approved the Prospectus as the competent authority in accordance with Article 20 of the Prospectus Regulation. The SFSA only approves the Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval shall not be considered as endorsement of the issuer or the quality of the securities that are subject to the Prospectus. Investors should make their own assessment as to the suitability of investing in the securities.

The Prospectus has been translated to English. Only the Swedish Prospectus has been subject to the SFSA's scrutiny and approval. In the event of discrepancy between the Prospectus and the translation of the Prospectus, the Prospectus shall prevail. The Company has also applied that the Prospectus shall be passported to Norway, Denmark, and Finland. The prospectus is governed by Swedish law. Any dispute or conflict arising in connection with the Prospectus and related legal matters shall be settled exclusively by Swedish courts. The Prospectus is available on the Company's website www.bawat.com, the SFSA's website www.fi.se, Avanza's website www.avanza.se and Nordnet's website www.nordnet.se.

No public offer is made to the public to subscribe for Units in any country other than Sweden, Norway, Denmark, and Finland. In other member states in the European Economic Area, an offer to subscribe for new securities in Bawat can only be made by qualified investors under the exemption in the Prospectus Regulation. This Prospectus is only being distributed to and only directed at persons who (i) are outside the United Kingdom; (ii) have professional experience in matters relating to investments falling within article 19(5) in the Financial Services and markets Act 2000 (Financial Promotion) Order 2005; (iii) are persons falling within Article 49(2)(a) to (d) of the Financial Promotion Order (high net worth entities); or (iv) are persons to whom this Prospectus may otherwise lawfully be communicated (all such persons together being referred to as **relevant persons**). Any person who is not a relevant person should not act or rely on this Prospectus or any of its contents. Any investment or investment activity to which this Prospectus relates, is available only to relevant persons and will be entered into only with relevant persons.

No Units may be offered, subscribed for, exercised or transferred, directly or indirectly in or to Australia, Japan, Canada, the US, New Zealand, South Africa, Hong Kong, Switzerland, Singapore or any other jurisdiction where publication or distribution of the Prospectus would be illegal, require additional registration or other measures besides those required by Swedish, Norwegian, Danish, or Finnish law, or otherwise would be in conflict with the rules of such jurisdictions or which cannot be made without application of exemptions in such jurisdictions. Subscription of Units in violation of the restrictions described above may be void. Individuals who obtain copies of the Prospectus are requested by the Company to inform themselves of and observe such restrictions. Any failure to comply with the restrictions described above may result in a violation of applicable securities regulations. Neither the Units or other securities issued by Bawat have not, and will not be, registered under the U.S. Securities Act of 1933, as amended, or any other securities regulation of any other state or jurisdiction within the U.S. No securities will be offered, sold, or otherwise transferred, directly or indirectly, in or into the U.S.

INVESTMENT INFORMATION

An investment in securities is associated with certain risks. When investors make an investment decision, they must rely on their own assessment of Bawat including applicable facts and risks, prior to making an investment decision, prospective investors should engage their own professional adviser and carefully evaluate and give due consideration to the investment decision. Investors may rely only on the information contained in the Prospectus and any supplements to the Prospectus. No person has been authorised to provide any information or make any statements other than those contained in the Prospectus. If this nevertheless takes place, such information and such statements are not to be deemed as approved by Bawat and the Company is not responsible for such information or such statements. Neither publication nor distribution of the Prospectus, nor any transactions that take place based on the Prospectus, are to be deemed to implicate that the information in the Prospectus is correct and valid at any other time than the date of publication or that any changes have been made to Bawat's operations after this date. If any substantial changes are made to the information in the Prospectus such change will be published in accordance with the provisions on supplements to prospectuses as stipulated in the Prospectus Regulation.

FORWARD LOOKING STATEMENTS

The Prospectus contains certain forward-looking statements that reflects Bawat's current views of future events and financial and operational performance. Words such as "intends", "anticipates", "expects", "can", "plans", "estimates" and similar expressions regarding indications or forecasts of future development or trends, and which are not based on historical facts, constitute forward-looking statements. Forward looking statements are inherently associated with both known and unknown risks and uncertainties because they are dependent on future events and circumstances. Forward-looking statements are not a guarantee of future results or developments, and actual results may differ materially from these forward-looking statements. Factors that could cause Bawat's future results and developments to differ from those in the forward-looking statements include, but are not limited to, those described in the section "Risk Factors". The forward-looking statements contained in this Prospectus apply only as the date of this Prospectus. Bawat does not give any commitments to publish updates or revisions of any forward-looking statements as a result of new information, future events, or similar circumstances other than those required by applicable legislation.

INDUSTRY AND MARKET INFORMATION

This Prospectus contains market and industry information related to Bawat's operations and the market on which Bawat is present. Unless otherwise stated, such information is based on Bawat's analysis of several different sources, among others medical research publications and statistics from various sources. Descriptions of Bawat's competitive position are based on Bawat's own assessment and knowledge of market conditions.

As a rule, industry, and market publications state that, while the information in the publication has been obtained from sources that are deemed to be reliable, the accuracy and completeness of such information cannot be guaranteed. Information in the Prospectus from third parties has been accurately reproduced and, as far as the Company can ascertain through other information published by these third parties, no factual circumstances have been omitted that could render the reproduced information inaccurate or misleading. However, Bawat has not made any independent verification of the information provided by third parties, so the completeness or accuracy of the information from third parties presented in the Prospectus cannot be guaranteed.

By nature, market information and statistics are forward-looking, subject to uncertainty, may be interpreted subjectively, and may therefore not necessarily reflect actual or future market conditions. Such information is based on market surveys, which in turn are based on selections, subjective interpretations, and assessments, including assessments of the types of products and transactions which should be covered by the relevant market, both by those carrying out the surveys and the respondents. As a result, potential investors should know the financial information, market information, as well as the forecasts and estimates of market information contained in this Prospectus, do not necessarily represent reliable indicators of Bawat's future performance. The content of Bawat's website or any third party mentioned herein does not form any part of this Prospectus.

PRESENTATION OF FINANCIAL INFORMATION

Certain financial information and other information presented in this Prospectus have been rounded to make information easily accessible to the reader. Consequently, the figures in certain columns do not tally with the totals stated. Unless otherwise expressly stated, no information in the Prospectus has been audited or reviewed by Bawat's auditor. All financial amounts are stated in Swedish krona (SEK) unless otherwise expressly stated. **SEK million** means millions Swedish krona, and **SEK thousand** means thousands Swedish krona. **USD** means US dollars, **USD million** means million US dollars, **USD thousand** mean thousands of US dollars. **EUR** means euros, **EUR million** mean millions of euros, and **EUR thousand** means thousands of euros.

NASDAQ FIRST NORTH PREMIER GROWTH MARKET STOCKHOLM

Bawat has applied for listing on Nasdaq First North Premier Growth Market Stockholm ("**First North**"). First North is a growth market for small and medium-sized companies, in accordance with the Directive on Markets in Financial Instruments (EU 2014/65) as implemented in the national legislation of Denmark and Sweden operated by an exchange within the Nasdaq Group. Companies on First North are not subject to the same rules as companies listed on a regulated main market, as defined in EU legislation (as implemented in national law). Instead, they are subject to less extensive rules and regulations preferably adapted for smaller growth companies. An investment in a company traded on First North may therefore imply more risk than an investment in a company listed on a regulated main market. All companies whose shares are traded on First North have a Certified Adviser to monitor compliance with rules and regulations. Svensk Kapitalmarknadsgranskning AB is Bawat's Certified Adviser.

TABLE OF CONTENTS

Documents Incorporated by Reference 4

Summary 5

Responsible Parties, Information from Third Parties and Competent Authority 12

Background and Rationale 13

Company Overview 14

Statement of Working Capital 23

Risk Factors 24

Terms and Conditions for The Securities 27

Terms and Conditions for The Offering 29

Board of Directors and Senior Management 33

Financial Information and Key Figures 35

Legal Considerations and Ownership Structure 37

Available Documents 40

DOCUMENTS INCORPORATED BY REFERENCE

Investors should take note of all the information incorporated in the Prospectus by reference and the information to which reference is made should be read as part of the Prospectus. The information given below as part of the following documents shall be deemed to be incorporated into the Prospectus by reference. Copies of the Prospectus and the documents incorporated by reference can be obtained from Bawat electronically through the Company's website, https://www.bawat.com/investor, or in paper format at the address: Bawat Water Technologies AB, c/o Advokatfirman Lindahl KB, P.O. Box 5898, SE-102 40 Stockholm. The parts of the documents that are not incorporated by reference are either not relevant to the investors or the corresponding information is reproduced elsewhere in the Prospectus.

Please note that the information on Bawat's website, or other websites to which reference is made, is not included in the Prospectus unless this information is incorporated into the Prospectus by reference. The information on Bawat's website, or other websites referred to in the Prospectus, has not been reviewed and approved by the Swedish Financial Supervisory Authority.

Bawat Water Technologies AB's financial report October 5 - December 31, 2021 (audited)	
Balance sheet	Page 2
Notes	Page 5
Auditor's report	Page 7
The financial report October 5 – December 31, 2021 can be found on the following link: https://investor.bawat.com	

Bawat A/S annual report 2020 and 2021 (audited)	
Income statement	Page 8
Balance sheet	Page 9-10
Statement of changes in equity	Page 11
Notes	Page 12-24
Auditor's report	Page 2
Annual report 2020 and 2021 can be found on the following link: https://investor.bawat.com	

Bawat A/S additional financial information in accordance with IFRS for 2021 (unaudited)	
Group income statement	Page 4
Group balance sheet	Page 2-3
Group statement of changes in equity	Page 6
Group cash flow statement	Page 7
Notes	Page 4-5
The additional information for the financial year 2021 can be found on the following link: https://investor.bawat.com	

SUMMARY

Introduction

1.1 The securities and ISIN code

The Offering concerns Units comprising of newly issued shares and warrants in Bawat Water Technologies AB. The new shares will be issued under the ISIN code SE0017487424. The warrants of series TO1 will be issued under ISIN code SE0017563265.

1.2 Company information

Bawat Water Technologies AB registration number 559338-6443
Company address: Bawat Water Technologies AB, c/o Advokatfirman Lindahl KB, P.O. Box 5898, SE-102 40 Stockholm
Visiting address: Agern Allé 5A, 2970 Hørsholm, Denmark
Telephone: +45 8870 8803
Website: www.bawat.com
Company identification code (LEI): 984500010F53A1A3F451

1.3 Competent authority

This Prospectus was reviewed and approved by Finansinspektionen (Swedish Financial Supervisory Authority) as competent authority under the Prospectus Regulation. The visiting address of Finansinspektionen is Brunnsgatan 3, 111 38 Stockholm. The Postal address is Box 7821, 103 97 Stockholm. The telephone number is (46) 8 408 980 00. The website is www.fi.se.

1.4 Approval of prospectus

The Prospectus was approved by Finansinspektionen on March 1, 2022.

1.5 Introduction and warnings

This summary should be read as an introduction to the EU Growth Prospectus. Any decision to invest should be based on consideration of the EU Growth Prospectus as a whole. Investors could lose all or part of the invested capital.

Where a claim relating to the information contained in the EU Growth Prospectus is brought before a court, the plaintiff investor might under national law of the Member State have to bear the costs of translating this EU Growth Prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary, including any translation thereof, but only where this summary is misleading, inaccurate, or inconsistent when read together with the other parts of the EU Growth Prospectus or where it does not provide, when read together with the other parts of the EU Growth Prospectus, key information in order to aid investors when considering whether to invest in such securities.

Key information about Bawat Water Technologies AB

2.1 About the Company

Bawat Water Technologies AB is a Swedish public limited company incorporated under the laws of Sweden and the Swedish Companies Act (2005:551) (Sw. aktiebolagslagen (2005:551)). Bawat carries out its commercial activities through its Subsidiary Bawat A/S from facilities in Hørsholm, Denmark. Bawat's Board of Directors consists of Klaus Nyborg, Charlotte Hummer Vad, Thomas S. Knudsen, and Peter Stokbro. The Company's senior management consists of Marcus Peter Hummer (Chief Executive Officer) and John Bo Henriksen (Chief Financial Officer).

Bawat markets its patented heat-based ballast water management system ("BWMS") globally, a cost efficient, flexible, and sustainable solution to the problem of ballast water treatment. 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 system offers several advantages over other ballast water treatment technologies. In addition to negligible operating cost and environmental impact, the advantages include better efficacy, the absence of harmful chemicals, and not least, an ability to function equally well in seawater, brackish water, and freshwater. 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.

Shareholders

The table below lists all shareholders that hold more than 5% of the shares in the Company as of the Prospectus date.

Name	Number of shares	Share of votes and capital
Homarus Holding A/S[1]	6,930,228	22.49%
Selfinvest ApS[2]	6,900,000	22.39%
Klaus Nyborg[3]	5,043,657	16.37%
AkademikerPension[4]	4,805,277	15.59%
AASN Holding A/S[5]	1,700,001	5.52%
Total	**25,379,163**	82.35%
Total number of shares in Bawat Water Technologies AB	**30,819,213**	100.00%

[1]Owned and controlled by Bawat's CEO Marcus P. Hummer and his family. Marcus P. Hummer also personally own 249,999 shares
[2]Owned and controlled by Torben Østergaard-Nielsen and his family
[3]Held directly or through the fully owned and controlled investment company Return ApS
[4]Danish pension fund held by approximately 140.000 members (www.akademikerpension.dk)
[5]Owned and controlled by Aage Søndergaard Nielsen and his family

2.2 Key financial information

Bawat A/S' financial statements for the financial years ending December 31, 2021, and 2020 respectively were originally prepared in accordance with Danish GAAP and audited by Pricewaterhouse Coopers. These accounts are incorporated by reference. For the purposes of the table below, Bawat A/S' accounts have been restated to IFRS but not audited. Amounts are given in DKK thousand unless stated otherwise.

Bawat Water Technologies AB's financial report for the period October 5 - December 31, 2021, has been prepared in accordance with IFRS and has been audited by Öhrlings PricewaterhouseCoopers. Amounts are given in SEK thousand unless stated otherwise.

	Audited	Unaudited	
Profit and Loss	**5/10-31/12, 2021(tSEK)**	**FY-2021(tDKK)**	**FY-2020(tDKK)**
Company	Bawat Water Technologies AB	Bawat A/S	Bawat A/S
Accounting principles	IFRS	IFRS	IFRS
Sales	-	7,861	6,742
Gross Profit/loss	-	-2,467	-2,567
Other operating income	-	6	1,190
Other operating expenses	-	0	14
Personnel cost	-	11,976	10,833
Depreciations	-	6,415	5,417
Financial income	-	1,986	893
Financial expenses	-	3,416	3,153
Net financial income	-	-1,430	-2,260
Ordinary result before tax		-22,282	-19,901
Tax on ordinary result		247	4,723
Profit/loss for the period		-22,035	-15,178

	Audited	Unaudited	
Balance Sheet	**5/10-31/12, 2021(tSEK)**	**FY-2021(tDKK)**	**FY-2020(tDKK)**
Company	Bawat Water Technologies AB	Bawat A/S	Bawat A/S
Accounting principles	IFRS	IFRS	IFRS
Intangible assets	-	30,000	34,445
Tangible Fixed assets	-	1,386	556
Financial assets	-	201	207
Deferred Tax asset	-	0	0
Total non-current assets	-	31,587	35,208
Current assets	-	3,302	4,135
Cash and cash equivalents	25	3,455	5,583
Total Assets	25	38,344	44,926
Total equity	25	-5,584	4,156
Total non-current liabilities	-	31,920	33,615
Total current liabilities	-	12,008	7,155
Total liabilities	-	43,928	40,770
Total equity and liabilities	25	38,344	44,926

Cash Flow	Audited 5/10-31/12, 2021(tSEK)	Unaudited FY-2021(tDKK)	FY-2020(tDKK)
Company	Bawat Water Technologies AB	Bawat A/S	Bawat A/S
Accounting principles	IFRS	IFRS	IFRS
Cash flow from operating activities	-	-10,266	-7,609
Cash flow from investment activities	-	-1,335	-1.583
Cash flow from financing activities	**25**	9,496	-486
Total cash flow	**25**	-2,105	-9,677

Key Ratios	Audited 5/10-31/12, 2021(tSEK)	Unaudited FY-2021(tDKK)	FY-2020(tDKK)
Company	Bawat Water Technologies AB	Bawat A/S	Bawat A/S
Accounting principles	IFRS	IFRS	IFRS
Gross margin[1]	-	23%	14%
EBITDA margin[1]	-	-184%	-214%
Operating margin[1]	-	-265%	-262%
Profit margin[1]	-	-283%	-295%
Solidity[1]	100%	-15%	20%
Earnings per share[1]	-	-2	-2
Equity per share[1]	1	-1	1

[1]Defined by the Company's applicable accounting principles and therefore not considered an alternative performance measure according to ESMA's guidelines

2.3 Key risks affecting the Company

Bawat may not be able to effectively manage rapid growth

The Company's commercial strategy requires the hiring of a significant number of new employees over the coming years, both in engineering and in sales and marketing functions. Some of these employees may be located outside of the Danish headquarters. There is significant competition for skilled engineers and sales personnel in the shipping and Greentech industries, and it may be more difficult than anticipated for the Company to identify and attract such employees. Furthermore, new employees will not be operating at full capacity and efficiency immediately, and the Company will have to spend managerial resources to onboard and train its new employees to successfully integrate them into the Company's organisation and workflows. The anticipated higher number of employees will also require the Company to adopt new work processes and systems to remain nimble and cost effective. If Bawat is not able to manage the anticipated growth in employees and activities over the coming years, the Company may ultimately be unable to reach its strategic objectives. Bawat believes the risk that its will not be able to manage its anticipated growth is medium. The Company estimates that the risk, if realized, would have a high negative impact on Bawat's commercial prospects.

Many of the competitors are much larger than Bawat

Most of the Company's competitors are larger than Bawat and have more R&D, financial, and sales-and marketing resources available. Several are multinational corporations with vast resources and manpower. The market for new ship building is relatively concentrated on a few nations (such as China, South Korea, and Japan) and competitors located in those regions may enjoy an advantage by being closer to the customer. Some of Bawat's competitors are owned or controlled by international industrial groups such as Hyundai Heavy Industries, Samsung Heavy Industries, and Mitsubishi Heavy Industries that are also among the world's largest shipbuilders. Bawat believes the risk it will not be able to compete effectively in a market dominated by larger players is medium to high. The Company estimates that the risk, if realized, would have a high negative impact on Bawat's commercial prospects.

The market may not accept Bawat's heat-based system

Bawat's success depends on its ability to develop and market products that are recognized and accepted by its customers as reliable, sustainable, and cost-effective. Most of the potential customers have limited knowledge of, or experience with, the Company and its products. None of the Company's competitors

offer heat-based systems, and as far as the Company is aware, no other heat-based system is currently undergoing the certification processes with IMO and the U.S. Coast Guard. The market's general awareness of the advantages of a heat-based system to treat ballast water is therefore limited. Indeed, the Company's largest competitors are spending significant global marketing resources on promoting other systems for the treatment of ballast water that are not heat-based. Bawat believes the risk that the market will not accept its products is low to medium. The Company estimates that the risk, if realized, would have a high negative impact on Bawat's commercial prospects.

Key information about the shares

3.1 Rights of the shares

The Company's shares are denominated in SEK, are issued to the holder, and issued pursuant to Swedish law and the regulations in the Swedish Companies Act (SFS 2005:551). All the Company's shares are fully paid, freely transferable and of the same share class. The rights associated with the shares issued by Bawat, including the rights in accordance with the Articles of Association, may only be amended in accordance with the procedure laid out in the Swedish Companies Act.

Share capital
Prior to the Offering the share capital in Bawat amounted to SEK 508,517.0145 divided into 30,819,213 shares of SEK 0.0165 quota value each.

Voting rights
Each share carries one (1) vote at Bawat's general meeting. Each shareholder is entitled to vote for each share the shareholder owns in Bawat.

Pre-emption rights in the case of new shares etc.
If the Company issues new shares, warrants or convertible bonds, in the event of a cash issue or offset issue, shareholders generally have pre-emption rights, in accordance with the Swedish Companies Act, to subscribe for such securities in relation to the number of shares that were held prior to the issue.

Right to dividend, the share of Bawat's profit and rights in the event of liquidation
Each share carries equal rights to dividends and to Bawat's assets and any surplus in the event of liquidation.

Resolutions regarding dividends are resolved by the shareholders' meeting. The right to dividend accrues to the person who is entered in the share register kept by Euroclear on the record date set by the general meeting.

Bawat does not have a dividend policy in place and has at this date never paid any dividend to its shareholders. Bawat is currently in a commercial expansion phase and plans to re-invest any profits in continued development of the Company. No dividend is therefore expected to be paid in the next few years.

3.2 Trading of the shares on First North Premier Growth Market

The shares of Bawat will be trading on First North in Stockholm, which is a multilateral trading platform and growth market for small and medium sized companies which does not have the same legal status as a regulated market. The market is operated by Nasdaq Stockholm AB.

3.3 Guarantees attached to the securities

There are no guarantees attached to the securities.

3.4 Key risks that are specific to the securities

Future offers and risk for dilution
Although not currently envisioned, Bawat may in the future have to issue new shares, units, or other equity- based securities, for instance if the Company's commercial expansion take longer or becomes more expensive than currently expected. New issues and share based instruments like warrants and convertible loans may have a negative effect on the market price of the Company's shares and will reduce the proportionate ownership and voting share of holders of existing shares in the Company. Bawat assesses the probability that the risk will occur as medium to high. The Company assesses that the risk, if realized, would have a medium negative impact for the shareholder.

Key information about the Offering

4.1 Key terms and time plan

The Offering
The Offering consists of 2,300,000 Units in the Company (excluding the Oversubscription option). Each Unit consist of 3 shares and 1 warrant of series T01 issued free of charge. The Offering is being offered to the public in Sweden, Norway, Denmark, and Finland.

Offering Price
The Offering Price is SEK 19.5 per Unit corresponding to SEK 6.5 per share. The offering price correspond to a Company valuation of approximately SEK 200 million prior to the Offering and was determined by the Company's board of directors based on the market potential of the Company's ballast water management solution as well as comparisons with already listed peer companies in the maritime- and water treatment industries.

Warrants
Each warrant of series TO1 entitles the holder to subscribe for 1 new share in the Company during a 14-day period following the publication of the Company's Q1 2023 report. The exercise price for the warrants will correspond to 70 percent of the Volume Weighted Average Price (VWAP) of Bawat's shares on Nasdaq First North Premier Growth Market during ten trading days leading up to two trading days before the publication of the Company's Q1 2023 report but at least SEK 6.2 and not more than SEK 13. If all the warrants are exercised, the Company may receive up to an additional SEK 44.9 million before costs.

The Oversubscription option
The Offering includes an option to issue up to 1,150,000 additional Units in case of oversubscription (the "Oversubscription Option").

Submissions of applications to subscribe
Application of Units can take place during the period March 3, 2022 to March 17, 2022, both days included. Application is made by completing and signing the subscription form that is available on the Company's website www.bawat.com and on Nordic Issuing's website www.nordic-issuing.se. The completed subscription form shall be received by Nordic Issuing no later than 3.30 p.m. CET on March 17, 2022. Scanned registration forms are accepted. Subscription forms sent by mail should be sent in well in advance of the last day of the application period. Incomplete, difficult-to-read or incorrectly completed application forms may be disregarded, as well subscription forms applying for less than the minimum amount of 250 Units. Only one (1) application form per applicant will be considered. Should several application forms be submitted, only the last application form will be considered.

Subscription undertakings
Certain existing shareholders, including members of the Company's board of directors and senior management team, and a group of new investors have undertaken to subscribe Units in the Offering for an amount of SEK 23.3 million, corresponding to 52% of the total Offering excluding the Oversubscription option.

Lock-up undertaking
The Company's shareholders directly or indirectly holding more than 5% of the Company's share capital prior to the Offering have undertaken not to transfer, pledge or otherwise divest any shares in Bawat held by the time of the Offering for a period of twelve (12) months from the date of completion of the Offering. Hence, 85.8% of the outstanding shares in the Company at the date of the Prospectus is covered by the lock-up undertaking.

Allocation
In the event of over-subscription, the board of directors of Bawat will decide on the allocation of Units with the objective of ensuring a good shareholder base and a broad distribution of the shares among the public to facilitate regular and liquid trading in the Company's shares on First North.

Expected timetable

Application period	March 3 – March 17, 2022, both days included
Announcement of the result of the Offering	March 22, 2022
Registration of the new shares and warrants with the Swedish Companies Registration Office	March 24, 2022
Settlement of Offering Units	Around March 25, 2022
First day of trading on the Nasdaq First North Premier Growth Market Sweden	Around March 28, 2022

Application via Nordnet
Nordnet clients in Sweden, Norway, Denmark, and Finland can apply through Nordnet's webservice. Application of interest in Units is made via Nordnet's webservice and can be submitted from March 3, 2022 up to and including 3:30 p.m. CET on March 17, 2022. To ensure that they do not lose their right to allocation, Nordnet customers must have sufficient funds available in their account from 11:59 p.m. CET on March 16, 2022, up until, and including, the settlement date, which is expected to be March 25, 2022.

Application via Avanza
Custody account holders at Avanza can apply via Avanza's online services during the period March 3, 2022 up to and including 3:30 p.m. CET on March 17, 2022. To ensure that they do not lose their right to any allotment, Avanza depository account customers must have sufficient funds available in their depository account from 11:59 p.m. CET on March 16, 2022 up until, and including, the settlement date, which is expected to be March 25, 2022.

Dilution resulting from the Offering
The Offering (excluding warrants) will result in a dilution up to 18.3% if the Offering is fully subscribed. If the Oversubscription option and all the attached warrants of series TO1 from the Offering are exercised, the number of outstanding shares will increase corresponding to a total dilution of approximately 30.9%.

Total expense related to the Offering
The cost of the Offering is approximately SEK 5 million.

4.2 Reasons for the Offering and use of proceeds

Reasons for the Offering
The full implementation of IMO's Ballast Water Management Convention (the "Convention") from September 2024 effectively means that all new ships today (approximately 1,700 new builds worldwide per year) will be delivered with a ballast water treatment system on board. Another approximately 40,000 existing ships will need to have a ballast water treatment system retrofitted over the coming years. Furthermore, the Company believes harbours around the world will see an advantage in being able to offer port-side ballast water treatment services for ships that for one reason or another cannot comply. Bawat is active in all three market segments, which the Company estimates represent a combined market opportunity of at least USD 10 billion.

The Company estimates that more than EUR 18 million in total has been spent since 2011 to develop its heat-based ballast water treatment system. The technical risks of the solution have been eliminated and the first commercial sale took place in 2019, with good subsequent market traction and additional installations despite the corona pandemic. However, to truly capture the opportunity presented by the uniqueness of Bawat's solution, more capital is needed to strengthen, among other things, the Company's sales- and marketing functions. Furthermore, in a global business-to-business market, a strong balance sheet combined with the transparency and reputation benefits offered by a public listing, will in the board's opinion strengthen Bawat's competitive position.

Use of proceeds
The proceeds of the Offering of SEK 44.9 million before cost will be applied to the Company's commercial objectives under the following headlines (in order of priority):

- **Sales and marketing (approximately 50-60% of the Offering)**
  Most of the proceeds from the Offering will be directed towards expanding the Company's global sales network to ensure brand name recognition and technology awareness across all relevant regions. This requires a combination of investments into hiring additional sales and marketing personnel and the continued development of the Company's indirect sales channels, including its international network of sales agents.

- **Investments (approximately 20-25% of the Offering)**
  Although it is an important part of the Company's business strategy to operate an asset light business model, the Company will make selected investments into containerized shore-based systems in support of the Company's innovative service model. These investments will be made to make sure the already identified demand for rental equipment is met as soon as possible.

- **Organisation (approximately 10-15% of the Offering)**
  A smaller amount of the proceeds from the Offering will be used to cover for the cost of growing a technical back-up and execution organisation.

If the Oversubscription Option and the warrants of series TO1 lead to further proceeds of up to SEK 67.3 million before cost, the Company will utilise those additional proceeds to further ramp up its sales and marketing activities.

The Board is of the opinion that, as of the date of Prospectus, the current working capital is not sufficient for the next twelve-month period. Bawat's liquidity forecast indicates that the available cash flow from operating activities are expected to be depleted by April 2022 and that the deficit amounts to approximately SEK 20 million during the next twelve-month period.

The working capital needs for the next twelve months is to be covered by the Offering, which could provide the Company with net proceeds of SEK 44.9 million after deduction of transaction costs of approximately SEK 5 million. In connection with the Offering, the Company has received binding subscription undertakings of SEK 23.3 million, corresponding to approximately 52% of the Offering.

If the Offering is carried through the Company will have sufficient working capital available for the Company's planned activities for at least twelve months after the first date of trading on First North. If the Offering is not carried through, it is the Board's intention to raise new equity from existing shareholders and/or new private investors. If such alternative financing is not available, Bawat will consider other solutions such as reducing the Company's costs, dispose assets and/or conduct certain changes to Bawat's business plan or organization.

Conflict of interest

There are no conflicts of interest or potential conflicts of interest between the board members and senior management's commitments toward Bawat and their private interest and/or commitments. However, several board members and senior management representatives have some economic interests in Bawat, either directly or indirectly, through ownership of shares or other securities in Bawat. None of the board members or senior management representatives has been elected or appointed due to a particular arrangement with major shareholders, customers, supplier, or other parties.

RESPONSIBLE PARTIES, INFORMATION FROM THIRD PARTIES AND COMPETENT AUTHORITY

RESPONSIBLE PARTIES

The board of directors of Bawat is responsible for the content in this Prospectus. To the best of the Board's knowledge, the information contained in the Prospectus is in accordance with the facts, and the registration document makes no omission likely to affect its import. Bawat's composition of Board of Directors as of the date of the Prospectus is set out below.

Name	Position
Klaus Nyborg	Chairman
Charlotte H. Vad	Vice Chairman
Thomas S. Knudsen	Director
Peter Stokbro	Director

APPROVAL FROM THE SFSA

The Prospectus has been approved by the Swedish Financial Supervisory Authority (SFSA), as competent authority under Regulation (EU) 2017/1129 of the European Parliament and of the Council. The SFSA only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by Regulation (EU) 2017/1129. Such approval should not be considered as an endorsement of the issuer that is subject of this Prospectus or as an endorsement of the quality of the securities that are the subject of this Prospectus. Investors should make their own assessment as to the suitability of investing in the securities referred to in the Prospectus. The Prospectus has been drawn up as an EU Growth prospectus in accordance with Article 15 of Regulation (EU) 2017/1129.

INFORMATION FROM THIRD PARTIES

The Board of Directors assures that the information from third parties has been accurately reproduced and - as far as Bawat is aware and is able to ascertain from information published by that third party - no facts have been omitted which would render the reproduced information inaccurate or misleading. Statements in the Prospectus are based on the Board's or the executive management's assessments if not stated otherwise. Certain parts of the Prospectus refer to information on websites. The information on these websites does not form a part of the Prospectus, unless the information has been incorporated by reference, and has not been reviewed or approved by the SFSA.

The information from third parties used in the Prospectus is listed below under "References".

References

Market and other references

- Anderson Economic Group, September 2016: The Cost of Aquatic Invasive Species to Great Lake States
- Campara, Francic et al.: *Overview and Comparison of the IMO and the US Maritime Administration Ballast Water Management Regulations.* Journal of Marine Science and Engineering, August 2019
- Danish Shipping, September 2017: *The Little Blue Book on Ballast Water*
- FAO (Food and Agriculture Organization of the United Nations): *The state of world fisheries and aquaculture, 2018*
- Globallast.imo.org/ballast-water-as-a-vector/index.html
- International Maritime Organization (IMO): *International Convention for the Control and Management of Ships' Ballast Water and Sediments (BWMS)*, adopted 13 February 2004
- International Maritime Organization (IMO): *List of type approvals for ballast water management systems that are in accordance with Guidelines (G8) (resolutions MEPC.125(53) and MEPC.174(58)*
- Lloyds Register: Certificate No: LR21139637TA-01, *Design Appraisal Document, BAWAT BWMSS and BAWAT BWMSS EX*, April 27, 2021
- MarketLine Industry Profile, May 2020: *Global Marine Freight*
- ResearchAndMarkets: *Ballast Water Treatment Market, Forecast from 2021 to 2026*. April 2021.
- SGS Global Marine Services: *Commissioning testing of ballast water management systems*, May 2020
- SGS Global marine Services: *Study on the implementation of the ballast water management convention in Australia 2019-2020*, April 2021
- Shippingwatch.com: "*35,000 vessels still lack ballast water systems a few years before deadline*", July 6th, 2021
- UNCTAD: *Review of Maritime Trade*, 2021 Report
- U.S. Coast Guard: *Marine Safety Center. BWMSS Type Approval Status*. September 23, 2021
- U.S. Dept. of State/Under Secretary for Democracy and Global Affairs/ Oceans and International Environmental and Scientific Affairs/Oceans/Invasive Species/Case Study: *Zebra Mussel*

BACKGROUND AND RATIONALE

BACKGROUND

Bawat markets its patented heat-based BWMS system globally, a cost efficient, flexible, and sustainable solution to the problem of ballast water treatment. 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 system offers several advantages over other ballast water treatment technologies. In addition to negligible operating cost and environmental impact, the advantages include better efficacy, the absence of harmful chemicals, and not least, an ability to function equally well in seawater, brackish water, and freshwater. Bawat's system is suited for on-board vessel solutions and at-port (land based) containerized installations and is the only heat-based system on the market today. The system is approved by both the International Maritime Organization ("IMO") and the U.S. Coast Guard.

RATIONALE

The full implementation of IMO's Ballast Water Management Convention (the "Convention") from September 2024 effectively means that practically all new ships today (approximately 1,700 new builds worldwide per year) will be delivered with a ballast water treatment system on board. Another approximately 40,000 existing ships will need to have a ballast water treatment system retrofitted over the coming years. Furthermore, the Company believes harbours around the world will see an advantage in being able to offer port-side ballast water treatment services for ships that for one reason or another cannot comply. Bawat is active in all three market segments.

The Company estimates that more than EUR 18 million in total has been spent since 2011 to develop its heat-based ballast water treatment system. The technical risks of the solution have been eliminated and the first commercial sale took place in 2019, with good subsequent market traction and additional installations despite the corona pandemic. However, to truly capture the opportunity presented by the uniqueness of Bawat's solution, more capital is needed to strengthen, among other things, the Company's sales- and marketing functions. Furthermore, in a global business-to-business market, a strong balance sheet combined with the transparency and reputation benefits offered by a public listing will in the board's opinion further strengthen Bawat's competitive position.

USE OF PROCEEDS

The proceeds of the Offering of SEK 44.9 million before costs will be applied to the Company's commercial objectives under the following headlines (in order of priority):

- **Sales and marketing (approximately 50-60% of the Offering)**
  Most of the proceeds from the Offering will be directed towards expanding the Company's global sales network to ensure brand name recognition and technology awareness across all relevant regions. This requires a combination of investments into hiring additional sales and marketing personnel and the continued development of the Company's indirect sales channels, including its international network of sales agents.

- **Investments (approximately 20-25% of the Offering)**
  Although it is an important part of the Company's business strategy to operate an asset light business model, the Company will make selected investments into containerized shore-based systems in support of the Company's innovative service model. These investments will be made to make sure the already identified demand for rental equipment is met as soon as possible.

- **Organisation (approximately 10-15% of the Offering)**
  A smaller amount of the proceeds will be used to cover for the cost of growing a technical back-up and execution organisation.

If the Oversubscription Option and the warrants of series TO1 lead to further proceeds of up to SEK 67.3 million before cost, the Company will utilise those additional proceeds to further ramp up its sales and marketing activities.

ADVISORS AND CONFLICTS OF INTEREST

Translution Capital is the Company's financial advisor in the IPO. Nordnet Bank is selling agent, whereas Nordic Issuing is the Company's issuing agent. Advokatfirman Lindahl KB and Gorrissen Federspiel are the Company's legal advisor for Swedish and Danish legal matters, respectively. The advisors have received and may in the future receive compensation for their roles as advisors to Bawat. None of the advisors hold shares in Bawat or have any plans to hold such shares in the future.

Bawat is not aware of any conflicts of interest in connection with the Offering.

COMPANY OVERVIEW

VISION AND MISSION

Bawat was founded in 2011 to develop an entirely new approach to ballast water treatment. The ambition was to create a solution that was at once simple, flexible, cost-effective, and not least sustainable. Since its inception, the Company has been innovation driven, with deep roots in the Danish maritime sector ("Det blå Danmark") and an extensive network in the international shipping industry.

Bawat's *mission* is to make significant contributions to the protection of global oceans and freshwater systems by developing and commercialising superior heat-based water treatment technologies that always meet or exceed evolving environmental regulations. The Company's *vision* is to be the recognised global leader in heat-based water treatment technologies for maritime, aquacultural and other relevant applications.

Tanker discharging ballast water mid-ocean

THE PROBLEM OF BALLAST WATER

Since the introduction of steel-hulled vessels, water has been used as ballast to stabilize ships at sea. When the ship is travelling without cargo, or only partially laden, it takes in ballast water as additional weight to enable it to operate effectively and safely. Once new cargo is loaded, ballast water is discharged. This practice reduces stress on the hull, provides stability, improves propulsion and maneuverability, and compensates for weight changes in various cargo load levels and/or due to fuel and water consumption.

However, just one cubic metre of ballast water can contain up to 300,000 zooplankton specimens and 10 million phytoplankton cells. Since most marine species include a planktonic phase in their life cycle, there are effectively thousands of different marine species carried in ships' ballast water, basically anything that is small enough to pass through a ships' ballast water intake pumps[1]. This also includes disease causing *cholera*, *enterococcus* and *E. coli* bacteria.

When the ship discharges ballast water (also called deballasting), these transferred species may survive to establish a reproductive population in the new environment. Often the invader has no natural predator in the new habitat and the original species become extinct, thereby disrupting the entire marine ecosystem, and reducing local biodiversity.

Zebra mussel shells lining the shore of Lake Michigan

It is estimated that the highly fertile zebra mussel, originally native to the Caspian and Black Seas, was transferred via ballast water to Lake St. Clair on the USA/Canada border in the late 1980's. As early as 1989, the Detroit Edison Powerplant in Michigan, at the time the largest fossil fueled power plant in the world, had to shut down for three days to clean pipes clogged with Zebra mussels[2]. Through the 1990s the invading mussel reached all five neighboring Great Lakes. Today, Zebra mussels have spread throughout the eastern United States and down the Mississippi River basin, reaching 20 states and causing devastating ecological damage and economic loss. It is estimated that the spread of Zebra mussels may eventually cause the extinction of up to 140 other marine species around the world[3].

The International Maritime Organization[4] (the "IMO") estimates that some 5-10 billion tonnes of ballast water are transferred between marine ecosystems each year with an individual ship carrying anything from a few thousand litres of ballast water to more than 130,000 tonnes, depending on the size and purpose of the ship[5].

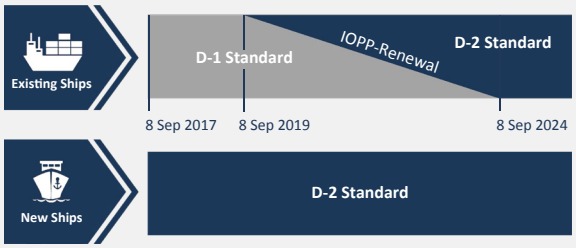
Therefore, recognising the growing threat to marine ecosystems around the world, the IMO in 2004 adopted the Ballast Water Management Convention (the "Convention") which aims to prevent spread of harmful aquatic organisms from one ecosystem to another.

THE BALLAST WATER MANAGEMENT CONVENTION

The Convention was originally scheduled to enter into force on the September 8, 2017. However, using several arguments, including the lack of commercially available, approved ballast water treatment systems and the significant cost associated with the implementation of the Convention, the shipping industry persuaded the IMO to postpone the implementation for existing ships by two years, to September 2019.

As a result, ships in service using seawater for ballast operations in international trade must install a ballast water treatment system no later than their next IOPP renewal survey following September 8, 2019[6]. New ships with keel laid after September 2017 are required to have a ballast water management system at delivery. All ships[7] must comply by September 8, 2024.

[1]Globallast.imo.org/ballast-water-as-a-vector/index.html | [2]Anderson Economic Group, September 2016: *The Cost of Aquatic Invasive Species to Great Lake States* | [3]U.S. Dept. of State. The Zebra mussel (in Danish *"Vandremuslingen"*, in Swedish *"Vandringsmussla"*) has likewise become ubiquitous in Scandinavian freshwater systems where it is rapidly outcompeting other freshwater mussel species. As an example, the Zebra mussel population in Fårup lake (100 acres) was estimated already in year 2000 to be around 1.3 billion, or 1.300 specimens per m^2 (Miljøstyrelsen) | [4]IMO is the United Nations authority to serve as a regulator of all vessels sailing in international waters. Additionally, regulations might be imposed from flag states and local authorities. The United States is not a party to the Convention. | [5]Globallast.imo.org/ballast-water-as-a-vector/index.html [6]The IOPP (International Oil Pollution Prevention) certificate is issued to each new ship after an appointed surveyor has inspected it and found it to comply with the MARPOL convention (the International Convention for the Prevention of Pollution from Ships). IOPP Certificates must be renewed every five years. | [7]There are exceptions, such as naval ships



Upon full implementation of the BWMC, all ships in international traffic will be required to manage their ballast water and sediments to a standard called D-2[8], according to a ship-specific ballast water management plan. Furthermore, all ships must carry a ballast water record book and an international ballast water management certificate. Until they comply with the D-2 standard, ships must comply with the D-1 standard, which requires ballast water to be discharged at least 200 nautical miles from the nearest land and in waters with a depth of at least 200 meters.

As at the date of the prospectus, the IMO's list of ballast water management systems that had received type approvals from the administrations under the Convention comprised of 83 different systems[9].

However, many of these approvals are dated and the Company estimates that the real number of competitors is probably around 10-15 companies. Most of the relevant IMO approved systems today uses filtration and Ultraviolet Light or an active chemical substance to achieve disinfection.

THE U.S. COAST GUARD REGULATION

The United States is not party to IMO's Ballast Water Management Convention. Instead, ships discharging ballast water into US territorial waters must comply with U.S. regulations which incorporate both U.S. Coast Guard and Environmental Protection agency ("EPA") provisions, regardless of these ships' status otherwise under the Convention.

The U.S. legislation is generally considered more demanding than its IMO counterpart. The U.S. Coast Guard established its discharge standards already in 2012 and created a more accelerated implementation scheme for existing ships. And since 2014, all new ships hoping to operate in U.S. waters must be equipped with type approved ballast water management systems upon delivery.

Furthermore, individual states are entitled to develop and implement their own ballast water management provisions. States like California and New York (which borders both the Great Lakes and the Atlantic Ocean), have imposed even stricter requirements.

Viable versus living

The IMO's D-2 standard and the discharge standard required under US Regulations are essentially aligned, except for one crucial difference: The IMO requires measurement of viable organisms, whereas the U.S. Coast Guard requires measurement of living organisms[10].

The IMO defines viable organisms as those with mobility and response to *stimuli that can successfully generate new individuals to reproduce the species*. If for instance an organism's DNA has been damaged to the extent that it can no longer replicate, it will be deemed no longer viable by the IMO, even if it is not dead. In contrast, the U.S. Coast Guard defines organisms as either living or dead.

This makes the use of UV Light based systems particularly challenging in U.S. waters because these systems work mainly by destroying the organisms' ability to reproduce, as opposed to outright killing them. Furthermore, the U.S. Coast Guard approval protocol requires ballast water management systems to be tested in both land-based and shipboard testing environments.

As of September 2021, a total of 44 systems had received U.S. Coast Guard approval, while another 9 systems were under review. Of those 44 approved systems, 29 are based on filtration followed by UV disinfection or electro-chlorination[11]. As is the case with the list of IMO approved systems, many of the systems on the U.S. Coast Guard list were approved to previous standards which are no longer relevant in the marketplace today.

Bawat is approved by both the IMO and the U.S. Coast Guard

Bawat's heat-based BWMS system has received both IMO and U.S. Coast Guard approval and is the only heat-based system awarded this status.

New type approvals require two to four years of development and testing and can cost USD 4 million or more[12]. This barrier to entry for potential competing heat-based systems is further strengthened by Bawat's patents, as explained in the section "Shareholder, Legal and Other Information". These patents have broad claims protecting Bawat's exclusive use of heat as a treatment method for ballast water.

This LPG (Liquified Petroleum Gas) tanker has been retrofitted with Bawat's heat-based system. LPG tankers is one of Bawat's core market segments.

APPROVED BALLAST WATER TREATMENT SYSTEMS

Ballast water treatment systems based on UV Light and systems based on electro-chlorination dominate the market today. In the Company's informed opinion, both these technologies have significant drawbacks, as further explained below.

Systems based on electro-chlorination

Electro-chlorination systems work by passing an electric current

[8] The D-2 Standard specifies the number of viable organisms, including bacteria such as Cholerae and E. coli permitted in the ballast water following treatment
[9] IMO: List of type approvals for ballast water management systems that are in accordance with Guidelines (G8) (resolutions MEPC.125(53) and MEPC.174(58)
[10] Campara, Francic et al.: *Overview and Comparison of the IMO and the US Maritime Administration Ballast Water Management Regulations*. Journal of Marine Science and Engineering, August 2019
[11] U.S. Coast Guard: *Marine Safety Center. BWMSS Type Approval Status*. September 23, 2021
[12] Campara, Francic et al.: *Overview and Comparison of the IMO and the US Maritime Administration Ballast Water Management Regulations*. Journal of Marine Science and Engineering, August 2019

through a small side-stream of seawater. The electrolytic reaction splits the water and salt molecules to create sodium hypochlorite which is a strong disinfectant and is injected back into the ballast water. The reaction leaves hydrogen gas as a by-product. Electro-chlorination systems are almost always combined with mechanical filters to remove larger organisms.

Electro-chlorination systems are mostly used on larger ships such as tankers and bulk carriers. Systems based on electrolytic reactions are naturally sensitive to low salinity and low temperatures, which is why salt and/or a heating system often must be added. Neutralizing chemicals are added to treated ballast water before it can be safely discharged, and the hydrogen gas by-product is highly flammable, adding a further safety aspect to these systems.

As a result, electro-chlorination systems are not just complex to install, but also expensive to operate and maintain. Since electro-chlorination systems often fail to remove all residual toxic chemicals from the ballast water after treatment, the use of these and other systems relying on chemical disinfection generally is not allowed in U.S. territorial waters where the Great lakes system provide drinking water for millions of people.

Nevertheless, the Company estimates that 35-40% of all ballast water treatment systems installed today are based on filtration followed by electro-chlorination. Providers include Erma First (Greece), Siemens (Germany), Wärtsilä (Finland), Hyundai Heavy Industries (South Korea) and SunRui (China).

Systems based on Ultraviolet ("UV") Light

High doses of Ultraviolet Light break down cell membranes and interfere with the DNA and RNA of microorganisms. Generally, the UV dose necessary to kill organisms, as required by the U.S. Coast Guard regulation, is two to three times higher than the dose necessary to render organisms unable to reproduce, as stipulated under IMO's D-2 standard.

UV based systems are always combined with filter systems to remove larger organisms and normally requires two passes of the ballast water to achieve D-2 compliance.

UV based systems are best suited for ships that take in limited amounts of ballast water, such as Ro-Ro vessels, container ships, offshore supply ships and ferries. They are heavily dependent on the waters' light transmittance (*turbidity*, the clearness of the water) and therefore work less well in muddy or sediment-laden water.

Furthermore, the high-power UV Light bulbs used in these systems are expensive. However, as further explained below, the most important drawback with these systems is that the filters require regular unclogging, maintenance, and replacement.

The Company estimates that 30-35% of all ballast water treatment systems installed today are based on filtration followed by UV disinfection. Providers include Alfa Laval (Sweden), Wärtsilä (Finland), Optimarin (Norway), BIO-UV Group (France) and Desmi (Denmark).

Other systems

In chemical injection systems, a chemical is introduced directly into the ballast water to ensure disinfection. Commonly used disinfectants include sodium hypochlorite, peracetic acid and chlorine dioxide, all of which are also toxic/harmful to humans and/or highly flammable. Furthermore, several of these chemicals are trademarked and not available in all ports. Providers include Kuraray (Japan), oneTank (USA) and TeamTec (Norway).

Ozone based ballast water treatment systems works by injecting ozone into the ballast water. Ozone is a highly reactive gas and a strong oxidant. The disinfection occurs through direct oxidation/destruction of the cell wall, reactions with radical by-products of ozone decomposition, and damage to DNA/RNA. Filters are used to remove larger organism prior to the disinfection step. Providers include NK Co. (South Korea)

In deoxygenation systems, nitrogen or another inert gas is injected into the space above the water level in the ballast tanks. This causes the oxygen in the water to dissipate, following which the marine organisms asphyxiate and die, provided the ballast tanks are otherwise perfectly airtight.

Deoxygenation systems may be combined with ultrasonic shockwaves to kill organisms and bacteria that are able to survive on no or very little oxygen (anaerobic). Providers include SKF Marine (Germany) and Jiangsu (China).

This container ship has been retrofitted with Bawat's system. Container ships is one of Bawat's core market segments.

The problem with filters

As previously described, the IMO's and U.S. Coast Guard's ballast water discharge standard differentiate unwanted target organisms according to three size categories: >50um sized organisms which are predominately zooplankton, 10-50um sized organisms which are predominately algae, and lastly, microscopic bacteria and other pathogens.

Most ballast water treatment providers choose filtration with a cut-point around 40 µm resulting in the removal of most zooplankton prior to the disinfection step.

UV Light based systems are particularly reliant on filtration. Firstly, because larger organisms "shade" each other from the UV light, and secondly, because zooplankton in any event tend to be resilient to UV irradiation.

The organisms caught in the filter are discharged immediately, into the same water they came from.

However, a 40 µm filter (1/25 of a millimetre) is so finely meshed that ballast water undergoing treatment can only pass pressurized. The combination of extremely fine meshing, the corrosive quality of seawater, pressure, high volume flows, long operating times and often murky or polluted water, cause the filters to malfunction and generally provides for a short filter life (in some cases as little as a few months).

The result is that systems based on filtering suffer from high failure rates and significant operational costs.

While most crews will be familiar with the recurring nuisance of having to backflush (clean) or change clogged or worn-out filters, three recent studies have elucidated the filter problem in a larger context:

The SGS commissioning study

In a 2019-2020 test of 95 ballast water treatment systems from a total of 14 competing providers, the global testing and commissioning company SGS found that 21% of installations did not meet the D-2 performance standard of the Convention.

The study speculated that since all failures were found in the largest size class of organisms (≥50 µm), this is a strong indication that the reliance on the integrity of mechanical filters is an inherent weakness in almost all currently approved treatment systems[13].

The Australian study

The Australian Government Department of Agriculture, Water and the Environment engaged SGS Australia to undertake two consecutive studies between January 2019 and September 2020 to collect data from vessels operating ballast water management systems while visiting Australian ports. The study found non-compliances with D-2 Standard in 10 out of 31 evaluated cases, corresponding to a failure rate of 31%.

All instances of non-compliance were found in the largest size class of organisms, those above 50 µm. On that basis, the study report speculated that the observed non-compliance was likely caused by failures in the installation and/or maintenance of the systems' filters[14].

The Singapore study

Finally, the Maritime and Port Authority of Singapore engaged a consortium consisting of SGS and DHI (Dansk Hydraulisk Institut) to test the quality of the ballast water systems of ships visiting the Port of Singapore. The study investigated twelve ships of different ship types with ballast water treatment systems on board that had called at the Port of Singapore between April and November 2019.

Of the twelve tested ships, three failed to comply with the IMO's D-2 standard. Two out of three of the instances of non-compliances were found in the large size class of organisms.

On that basis, the study report speculated that the observed non-compliance was likely caused by failures in the systems' filters[15].

Residual chemicals from electro-chlorination based systems

In all three studies summarised above, SGS also found numerous occasions of high levels of residual toxic chemicals, or total residual oxidants[16] in the treated ballast water.

For instance, the Australia study found that in 22% of the cases where the ballast water treatment system made use of an active chemical substance, such as electro-chlorination or chemical injection-based systems, the discharged ballast water contained residual oxidants above the level recommended by the Joint Group of Experts on the Scientific Aspects of Marine Environmental Protection (GESAMP, a United Nations scientific advisory body), whereas in the Singapore study the number was 6 out of 7 ships tested.

Conclusion

Bawat believes these studies reveal what is arguably a fundamental weakness in the current situation regarding ballast water treatment systems: Most systems today, including the most widely installed systems based on electro-chlorination and UV light disinfection, were originally invented for land-based use, primarily for the treatment of our drinking water.

These technologies are less suited for the spatial confines of a moving ship, for the treatment of seawater or murky river delta water, under the operation and supervision of small, often only rudimentarily trained crews.

BAWAT'S COMPETITIVE STRENGTHS

Pasteurization as a scientific concept has been around since 1865 when Louis Pasteur described and patented a controlled heating process as a way of deactivating unwanted microorganisms in wine[17].

Heat, even well below 100 degrees Celsius, makes cellular enzymes

[13]SGS Global Marine Services: Commissioning testing of ballast water management systems, May 2020 | [14]SGS Global Marine Services: Study on the implementation of the ballast water management convention in Australia 2019-2020, April 20210 | [15]SGS Singapore: Ballast water D-2 study final report, January 2020 | [16]Total residual oxidant (TRO) measurement refers to the oxidant by-products of a reaction with a disinfectant, such as hypochlorite, chlorite, and chlorine dioxide. High TRO values in treated ballast water is an emerging problem. High TRO concentrations may ensure that IMO's D-2 standard and U.S. Coast Guard regulations are met, but the residual concentrations may have a negative impact on the environment where ballast water is discharged, in addition to being in violation of local, state, or federal requirements.
[17]In fact, the concept of heating and then attempting to hermetically seal off various food products had been known for hundreds of years before Pasteur

and cell wall proteins denature (lose shape) which, together with the swelling inside the cell caused by the heating, kills cells, and therefore organisms, very quickly, independent of size.

There is no need for filters or active chemicals, and neither filters nor chemicals are therefore used in Bawat's system.

In Bawat's system, the ballast water is heated to a pasteurization temperature between 64 and 72 degrees Celsius. Generally, the higher the temperature, the faster the disinfection. Before the treated ballast water is directed back into the ship's ballast tanks or pumped overboard, the residual heat in the water is used to heat incoming ballast water.

The result is - in addition to even better energy efficiency - that after treatment, the ballast water is only a few degrees warmer than when it came on board. Bawat does not lead hot water into the ballast tanks, nor does it pump hot water overboard.

Bawat's system is approved up to a treatment capacity of 5,000 m3 of ballast water per hour[18].

Bawat's system is highly efficient

In connection with Bawat's certification process, Lloyds Register as the international certification body acting under the auspices of the Danish Miljø- og Fødevareministeriet as the national body, demonstrated that Bawat's heat-based system achieved near complete eradication of organisms between 10-50 µm and complete eradication of all organisms larger than 50 µm.

In addition, the system was 10-25 times more efficient than required against microscopic pathogens.

An excerpt from the test report is shown below:

Bawat's system achieves complete eradication of all larger organisms after one pass, and without filters

Table 4 Average numbers (three repliactes) of live organisms in Inlet, Treated and Control discharge waters.

Test Cycle	Inlet to BWMS		Discharge				
	Organisms > 50 µm [org./m³]	Organisms 10 - 50 µm [org./mL]	Organisms > 50 µm [org./m³]	Organisms 10 - 50 µm [org./mL]	Vibrio cholerae [org./100mL]	Escherichia coli [org./100ml]	Intestinal enterococci [org./100mL]
Analysis method	Microscopy	CMFDA/FDA Microscopy	Microscopy	CMFDA/FDA Microscopy	Colony Forming Units [CFU/100 mL]		
SB-1	81,431	99	0	0.83	Absent	<10	<10
SB-2	206,321	992	0	0		<10	<10
SB-3	50,925	302	0	0.33		<10	<10
SB-4	93,907	1,334	0	0		<10	<10
SB-5	155,330	2,181	0	0		<10	<10
SB-6	98,071	329	0	0		<10	<10
Requirements							
	≥ 100	≥ 100	<10	<10	<1	<250	<100

1) The ballast water discharge result demostrate the biological organisms condition during discharge for zero holding time (T0).
2) Ballast water treatment was conducted only during discharge.

The test included a total of 16 test cycles in marine, fresh and brackish water. Test were done as both Landbased and Shipboard tests. Note that the test measures live organisms, the U.S. Coast Guard standard, as opposed to the less strict "viable" standard imposed by the IMO. Source: Lloyds Register: Certificate No: LR21139637TA-01, Design Appraisal Document, BAWAT BWMS and BAWAT BWMS EX, April 27, 2021

The Company is not aware of any other system, particularly any other system not employing a mechanical filtration step, which achieves results equal to or better than those documented above.

Competitive strengths

The Company believes the competitive strengths of the system can be summarised as below:

- *A sustainable solution*
  Bawat's system uses no chemicals, virtually no electricity and relies entirely on heat generated from the ship's engine and/or exhaust system. Furthermore, the treated ballast water heats up the incoming water through a regenerating unit, meaning that upon discharge the water is only 3-4 degrees warmer than when it was taken in. There are no residual toxic substances in ballast water treated with Bawat's system.

- *Lower operating expenses*
  While the installation costs of Bawat's system is comparable to other systems, the operating (running) costs, and therefore the total cost of ownership of the system, are lower. Bawat's system utilizes no UV light, chemicals, or mechanical filters, all of which adds to operational cost. There are no chemicals to store and handle on board, no UV Light bulbs to switch, no filters to clean. The system uses virtually no electricity since the heat required for the system is provided from the engine.

- *Easy for crews to operate and maintain*
  Bawat's system is simple to install and consists of well-known type approved components which will be familiar to the crew, such as standard plate heat exchangers and water flow meters and temperature- and pressure transmitters.

- *Additional operational flexibility*
  As opposed to other competing ballast water treatment technologies, Bawat's system works with a single pass through the system. This provides operators with the freedom to choose whether to treat ballast water on intake, during the voyage or in connection with deballasting. Furthermore, Bawat's solution is equally well suited as an on-board and at-port containerized mobile unit.

- *Treatment is achieved independent of water quality*
  As opposed to electrolysis- or UV Light-based systems, Bawat's system is independent of ballast water salinity, turbidity, and temperature. It works equally well in salt, fresh, or brackish water.

- *A simpler solution*
  In a market dominated by technically sophisticated set-ups, Bawat's solution is simple. Bawat's system consists of a circulation pump to keep ballast water running through the system, a heat exchanger that heats ballast water to the

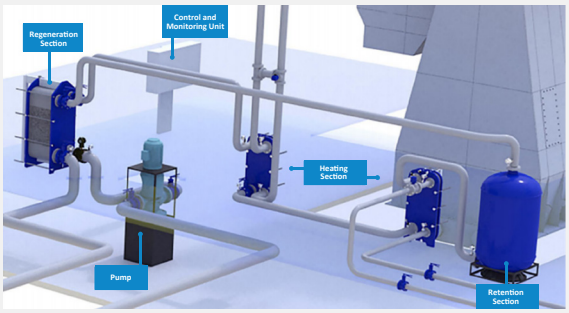
[18] The approximate equivalent of two Olympic-sized pools (50mx25mx2m), or 5,000 tons of water

specified temperature using plate heat exchangers to capture waste heat from the main engine or other available heat sources, a retention tank where the temperature achieved in the heating section is kept for a given time to achieve disinfection, a regeneration unit which is also a plate heat exchanger that acts as a pre-heater of the incoming ballast water, and cooler for the outgoing ballast water.

These four system elements are controlled by a standard CMU ("Control and Monitoring Unit") which also logs all process data.

All elements, including the piping between them, are standard marine components which can be delivered from multiple manufacturers around the world.

Schematic drawing of a typical Bawat system layout



Bawat's heat-based system consists of proven marine components, making the system flexible for implementation in almost any ship type and size - independent of ship's ballast pump capacity. Each installation is unique in terms of design by taking the ship's layout and heating system arrangement into account during the design process. For instance, the plate heat exchangers can be designed to be high and narrow or low and wide, depending on the available space in the installation space. Furthermore, there is no requirement for the elements to be in the immediate vicinity of each other, which provides additional installation flexibility.

BAWAT'S MARKETS

The Company estimates the global market for ballast water treatment equipment, consumables, and service to be around USD 10 billion in 2021[19].

The market is characterized by a near term opportunity driven by the closing time window for shipowners to make sure their fleet comply with IMO and U.S. Coast Guard regulations before September 8, 2024, and a continuing market for installations on new ship builds.

In addition, Bawat predicts a significant market will emerge for ballast-water-as-a-service over the next few years, as a way of dealing with the persistent non-compliance issues caused by many already installed ballast water treatment systems, and because this model makes more sense in certain operational situations.

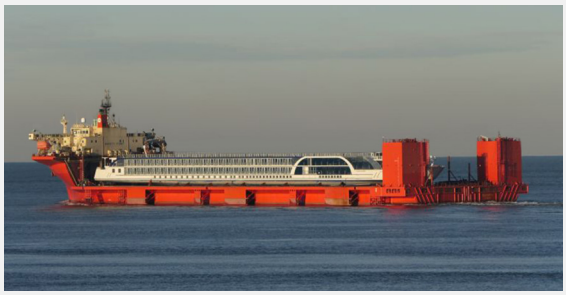
Bawat believes the opportunity facing the Company can be segmented into two markets: Installed (ship-based) solutions and containerised solutions. Each of these two markets have distinct subsegments and business models adapted to fit them, as further described below.

Ship-based solutions

Retrofitting

The Company expects the retrofit market represents its biggest commercial opportunity in the near term. As previously described, all ships must comply with IMO's Ballast Water Management Convention by September 8, 2024. The Company estimates based on detailed maritime database searches that close to 40,000 ships will need to be retrofitted with a ballast water treatment system in the period leading up to September 2024[20], or around 1,000 installations per month.

Since this number of installations exceed global shipyard capacity, Bawat's management, as well as other industry observers, considers it a virtual certainty that some ships will not be retrofitted in time. These ships will therefore have to make use of other solutions, such as that offered by Bawat's containerised BWMS system, or will be taken out of operation until they can be retrofitted, in which case the retrofitting opportunity facing Bawat is prolonged well after September 2024.



This heavy load carrier has been retrofitted with Bawat's heat-based system. Heavy load carriers is one of Bawat's core market segments.

Bawat's addressable market for retrofitting is around 11-12,000 ships

Bawat has conducted extensive searches in shipping databases such as Clarksons Research Database, looking specifically at ships and vessels whose operational patterns such as distance of travel and turnaround time as well as internal design in the Company's opinion make them particularly amenable to a heat-based, on-board solution.

These ships and vessels include Liquified Petroleum Gas (LPG) tankers, container ships, Cruise Ships, Offshore service ships, Roll-on, Roll-off (Ro-Ro) ships, car carriers, jack-up drilling rigs, wind turbine installation platforms and others. All in all, this target group contains around 15,000 ships and vessels worldwide, 11-12,000 of which remains to be retrofitted.

[19] Several third-party market reports estimate the market to be much larger, some of them projecting the market could reach as much as USD 100 billion by 2026.
[20] In July 2021 the trade journal ShippingWatch estimated the number of ships yet to be retrofitted to be around 35,000 ships

At a conservative price estimate of EUR 300,000 per retrofit installation, this represents a EUR 3.6 billion addressable market. As such, the Company believes it is looking at a significant commercial opportunity in the near term.

Many customers start with one retrofitting order, then order more

Because most of the Company's customers own more than one ship, Bawat believes its entry into the retrofit market is likely to follow an accelerating pattern.

Since Bawat and the heat-based ballast water treatment system are new to the retrofitting market, customers often place initial orders for just one or two ships to satisfy themselves of the operational performance of the system as well as the Company's ability to deliver.

Once this has been achieved, orders for retrofitting the rest of the customer's fleet follows. Hence, one retrofitting order in year one often becomes multiple orders in year two.

New ship builds

Bawat believes a successful entry into the retrofitting market over the next few years will position it as a strong competitor in the longer-term market for new ship builds.

The United Nations Conference on Trade and Development ("UNCTAD") expects international maritime trade to expand at an average annual growth rate of 2.4% in the period from 2022 to 2026, driven mostly by growth in containerized, dry bulk and gas cargoes[21].

On this basis, approximately 1,700-2,000 new merchant ships will be built every year in the coming decade, mostly at shipyards in the three countries dominating shipbuilding today: China, South Korea, and Japan.

With few exceptions, all these new ships will be delivered with a ballast water treatment system to comply with IMO's Ballast Water Management Convention and the regulations of the U.S. Coast Guard.

Based on the same considerations about operational pattern, turnaround time and internal design applied in the estimation of the retrofitting market, Bawat estimate that its addressable market in the new build space amounts to around 1,000 ships per year.

Recurring services and after-sales

Every Bawat system installation gives rise to additional revenue from after sales services and spare parts sales. This recurring revenue comprises of predefined spare part packages acquired by ship owners, on-site and remote training, and follow-up courses related to Bawat's system, among others.

Containerised solutions

Bawat is the only company that offers a fully mobile, containerized IMO and U.S. Coast Guard approved ballast water treatment system[22].

Bawat developed its containerized heat-based ballast water treatment system to capitalize on the additional opportunities for ballast water treatment in ports, terminals, and shipyards, and for vessels with infrequent ballast water treatment needs, such as transportation barges, offshore rigs, and floating cranes.

Bawat's containerized BWMS system

In Bawat's containerized BWMS system, the heat required for the pasteurization is provided by a standard boiler which can be fired with clean fuel. The solution has a standard capacity of 100-400 m³ water per hour but can be modularized to higher capacities

Ports and shipyards

The containerized Bawat system opens a market in ports and shipyards that may see a competitive advantage in being able to offer ballast water treatment to their customers.

A mobile BWMS system could also be attractive for owners/operators of offshore rigs, marine construction companies and others with less frequent needs. Some ships are too old or too small to install a retrofitted system below deck but could carry a mobile unit on deck.

The Company estimate the approximately 800 larger seaports around the world constitute a core market for its containerized system. Busy ports may see a competitive advantage in being able to offer visiting ships that are prevented from discharging ballast water, and therefore leaving the port on time with new cargo on board, because of noncompliance or a malfunction in their ballast water treatment system (or because they do not have an in-vessel solution installed), a chance to stay on schedule by having the ballast water treated while moored.

Another important future customer type is shipyards. The global shipbuilding industry has been consolidating over the last decade and close to 80% of all merchant vessels are now built in just three

[21] UNCTAD, Review of Maritime Transport, 2021, chapter 1: International maritime trade and port traffic
[22] Damen Shipyards, a Dutch company, also offers a containerized solution based on filtration and UV Light disinfection but does not have U.S. Coast Guard approval nor the latest IMO approval.

countries, namely China, South Korea, and Japan. Nevertheless, the Company estimate that 250-300 larger shipyards are active today.

Bawat recently sold the first containerized Bawat BWMS system to Herbosch-Kiere. Herbosch-Kiere's specialty is construction, dredging, salvaging and other activities associated with water-based infrastructure projects. The company is part of the global French group Eiffage.

The mobile unit is currently stationed in Antwerp harbor where it serves Herbosch-Kiere's fleet of dredger vessels, cranes, jack up platforms, barges, and other floating structures.

Ballast water treatment as a service

Not all customers who need to have ballast water treated will want to invest in and operate their own BWMS system, particularly those customers whose need is infrequent or operate vessels where the installation of a fixed system does not make sense. And some ships will not be retrofitted in time before September 2024 because of capacity constraints and COVID-19 associated back-logs in the shipyard industry.

The development of the containerized treatment system has enabled Bawat to develop a new business model where ballast water treatment is offered as a service.

The Joint Venture with Green Swan Partners

In February 2021, Bawat and Green Swan Partners[23] announced they had created a joint venture called Ballast Technology Services ("BTS") specifically to deploy Bawat's containerized BWMS system in port-side applications around the world.

The joint venture will finance and operate these mobile systems in ports through special purpose vehicles ("SPVs") and offer contingency treatment services to ships arriving at these ports and provide ship owners that opt not to install a treatment system on their ships with a ballast treatment service.

Green Swan Partners will provide management of the daily operations of Ballast Technology Services, sales, marketing, and business development, as well as investor capital and the establishment of the special purpose vehicle legal entities for each installation, whereas Bawat will be responsible for design, manufacturing of installations as well as technical sales support. Ballast Technology Services will provide its services against payments combining a mobilization fee, a fee per cubic meter of ballast water treated, and an hourly rate.

The agreement allows Bawat to enjoy full earnings on the sale of equipment to BTS as if to any other customer while at the same time sharing in the recurring profit from selling ballast water treatment as a service.

Ballast Technology Services' Joint Venture with Monstrant Viam

On January 13, 2022, Bawat, through the 50% owned joint venture Ballast Technology Services described above entered into a new Joint Venture agreement with Monstrant Viam LLC, a U.S. based company created to provide ballast water treatment-as-a-service from marine vessels operating in the Mississippi River, Sabine River, and Calcasieu River, and ports along the Texas Gulf Coast. The new Joint venture will be named Freedom Ballast LLC ("Freedom Ballast") and be incorporated in the United States.

The parties expect to deploy equipment and launch services from barges and shore-based facilities starting with the Mississippi River. Under the agreement, Freedom Ballast will have exclusive access to Bawat's heat-based ballast water technology for all its service offerings, thus enabling filter and chemical-free one-pass treatment solutions to customers. No other such technology is currently approved by the U.S. Coast Guard or available in the USA.

Bawat believes the combined lack of workable technology for heavily sedimented rivers, expiring ballast water exemptions and stricter enforcement of regulations is the reason the Company is now experiencing rapidly growing demand for port-based ballast water treatment services in the United States. The Company deployed its first containerized unit to the Mississippi delta in January 2022 and expects the first service contracts to initiate already in March 2022.

The Great Lakes Grant

In December 2021, the University of Wisconsin-Superior's Lake Superior Research Institute awarded Bawat a USD 600,000 grant to set up a land-based ballast water reception and treatment facility in partnership with the Duluth Seaway Port Authority and AMI Engineering for a test period of one year in the Great Lakes region.

Other markets

Bawat believes its heat-based technology may also be applicable outside the ballast water space.

One area is hull cleaning. A build-up of marine fouling on ship hulls lead to increased drag and thereby reduced fuel economy. Underwater hull cleaning is typically performed during normal ship stops, either by divers or with remotely controlled vehicles. However, as is the case with ballast water, this operation carries a risk of species transfer if the wastewater from the cleaning process is not treated.

Aquaculture (fish farming) is another potential application. Coastal fish farming, whether in seawater or freshwater, pollute the water and seabed and lead to poor water and sediment quality. Chemicals and pesticides used to control parasites and disease also impact surrounding marine life.

Aquaculture production is increasing worldwide and at present constitutes almost half of the world's fishery production[24]. Disinfecting the water upstream and/or downstream from the farming operation could have several benefits, including the elimination of dangerous pathogens.

Operational model

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.

[23]Green Swan Partners LLC (www.green-swans.com) is a U.S. based venture builder in Pittsburg, PA focused on generating wealth and planetary health. The company invest and take equity positions in ventures that "meet a critical industry need while making a positive impact on the environment". | [24]FAO (Food and Agriculture Organization of the United Nations): The state of world fisheries and aquaculture, 2018

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 experts and engineers in the Danish headquarters. Once the customer confirms the order, the Company orders the required components from its suppliers and makes sure the components are delivered to the shipyard.

At the shipyard, either Bawat or the ship owner handles the project management. The system is installed by the shipyard's engineers.

As a final step, the installation is commissioned by Bawat. Once the ship is back in service, Bawat offers after-sales support, standard spare part packages and remote follow-on training for crew members.

The entire retrofitting process, including the planning, specification, and installation process, typically takes 4-6 months.

This operational model allows Bawat to serve a significant number of international customers with a relatively limited staff of technical experts, engineers, and sales personnel without committing large amounts of capital.

Bawat addresses the market with an extensive network of sales agents. Sales agents with local networks provides a scalable market entry strategy with low operational and financial risk. Bawat's own sales and support staff then follow up and evaluate each agent regularly and provide motivation and education on the product and market situation.

The Company has so far formed partnerships with 14 sales agents, including in South Korea, Japan, Greece, Cyprus, and Singapore. Bawat believes global sales reach can be achieved with 20-30 agents.

Market trends

As is the case with any other market, the market in which Bawat operate is influenced by several trends including:

The impact of COVID-19

The commercial launch of Bawat's BWMS system to a large extent coincided with the development of the COVID-19 crises. The pandemic impacted the Company in multiple ways. The crisis initially caused a dramatic downturn in shipping volume, and many shipyards around the world shut down or otherwise severely restricted their operations. Owners cancelled orders for new ships, not least in the cruise sector.

For Bawat this turmoil meant that many potential customers adopted a cautious wait-and-see attitude, and it became difficult to complete and deliver installations because of the reduced capacity in shipyards.

On a different, but equally important level, the sales and marketing efforts normally associated with a global launch was severely hampered by the fact that Bawat's engineers and sales personnel were unable to meet potential customers and their engineers in person.

While the pandemic may be waning and international shipping rapidly coming back to pre-pandemic levels, the backlog created at shipyards will continue to impact the retrofitting market for several years to come, making it unlikely, in the Company's opinion, that all the remaining approximately 40,0000 ships and vessels yet to be retrofitted, will have a ballast water management system installed before the Convention's cut-off date of September 8, 2024.

The world's shipping volume continues to rise

Global trade continues to increase. Ocean shipping remains the most fuel efficient and carbon friendly form of commercial transport when compared to road, rail, and aviation. Furthermore, advances in technology, both on land and at sea, have made shipping an increasingly efficient and swift method of transportation.

Increasing awareness of ecological impact of ballast water transference of invasive species and pathogens

There is growing awareness internationally of the frailty of marine ecosystems and the danger posed by growing shipping traffic. The United Nation's 17 Sustainable Development Goals (SDGs) were adopted by the UN General assembly in 2015 and are intended to be implemented by 2030. Goal 14 "Life Below Water" greatly emphasizes the protection and restoration of marine ecosystems as well as the reduction of marine pollution.

This increasing awareness is likely to drive continued new HSE (Health, Safety and Environment) regulations relating to the treatment of ballast water and the overall carbon footprint of ships, including the carbon footprint of the systems ships use to treat their ballast water.

A likely consequence is a growing general interest in, and demand, for green solutions from stakeholders in the maritime sector.

SDG number 14 "Life Below Water" focus on the protection and restoration of marine ecosystems.

GENERAL INFORMATION ABOUT BAWAT

Bawat Water Technologies AB, registration number 559338-6443, is the Swedish entity that will be listed on First North. Bawat A/S is the Danish operational entity incorporated on November 14, 2011 as a private limited company. Bawat Water Technologies AB is the Company's commercial designation. Bawat Water Technologies AB was formed on September 27, 2021 and was registered with the Swedish Companies Registration Office (Sw. Bolagsverket) on October 5, 2021. The Company's business is regulated by Swedish law and its shares have been issued in accordance with, the Swedish Companies Act (2005:551). The Company's identification code for legal entities (LEI) is 984500010F53A1A3F451. Bawat Water Technologies AB's office address is c/o Advokatfirman Lindahl KB, P.O. Box 5898, SE-102 40 Stockholm. Bawat can be reached at the telephone number +45 8870 8803 and the website is www.bawat.com. Observe that the information on Bawat's website is not included in the Prospectus unless the information is incorporated in the Prospectus through reference.

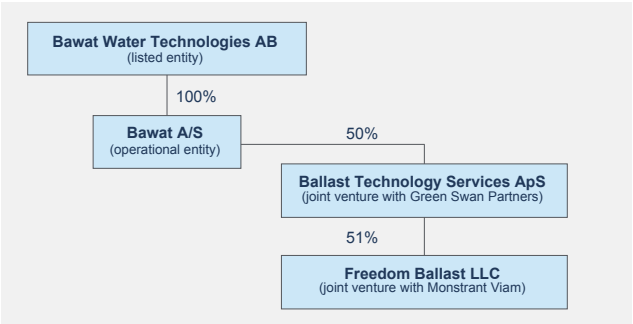
Company history

Bawat A/S was founded in 2011 to create a more environmentally friendly solution to the problem of ballast water treatment. The Company achieved its first IMO and U.S. Coast Guard certification for its system in 2015. In 2017 the Company received a EUR 3 million Horizon 2020 grant in recognition of the great need and innovative nature of the Company's heat-based solution, and the containerized system was developed. The first sale occurred in 2019, which was also the year Bawat obtained final IMO certification. Final U.S. Coast Guard certification was obtained in 2020. In 2021 the Company launched its new partnership sales strategy and signed a joint venture agreement with Green Swan Partners to commercialise the containerized solution.

Group structure

Bawat Water Technologies AB is the parent company in the group which in addition to the parent company consists of the wholly owned Subsidiary Bawat A/S and the 50% owned joint venture Ballast Technology Services ApS, which in turn owns 51% of Freedom Ballast LLC, a company incorporated in the United States. The Company is dependent on its subsidiary Bawat A/S as an operational entity.

Bawat group structure



Organization

The majority of the Company's staff is employed in sales and engineering functions. Both departments make frequent use of collaborators and agents outside the Company. Senior Management is responsible for, among other things, strategy, business development, investments, and performance monitoring. The Company's Senior Management consists of Marcus Peter Hummer (CEO) and John Bo Henriksen (Chief Financial Officer). For more information about the Senior Management, please refer to the section "*Board of Directors and Senior Management*".

Financing of the operation

The Company finances its operations, including its expanding commercial activities from funds generated by its commercial operations, public grants, new share issues and loans.

Investments

Since Bawat Water Technologies AB was incorporated on October 5, 2021 and until the date of this Prospectus, the Company had made no material investments, nor does the Company have any such ongoing or planned material investments.

Since the end of the Subsidiary Bawat A/S' financial year on 31 December 2021, and until the date of this Prospectus, the Subsidiary had made no material investments, nor does the Subsidiary have any such ongoing or planned material investments.

Material changes in Bawat's financing since 31 December 2021 until the date of this Prospectus

At an extraordinary general meeting held on February 21, 2022, the general meeting provided the board of directors with an issue authorisation. The board intends to resolve on an issue of shares by way of set-off, with the support of this issue authorisation, to set off certain loans from Danmarks Grønne Investeringsfond ("DGIF") and Den Danske Maritime Fond ("DDMF") immediately following the announcement of the result of the Offering. The expected loan set off will amount up to SEK 18 million in respect of DGIF and SEK 3.3 million in respect of DDMF. Depending on the result of the Offering, the set off in respect of DGIF may be reduced to ensure that DGIF's ownership in Bawat stays below 5%. The issue by way of set off will be conducted at the Offering price per share.

STATEMENT OF WORKING CAPITAL

The Board is of the opinion that, as of the date of Prospectus, the current working capital is not sufficient for the next twelve-month period. Bawat's liquidity forecast indicates that the available cash flow from operating activities are expected to be depleted by April 2022 and that the deficit amounts to approximately SEK 20 million during the next twelve-month period.

The working capital needs for the next twelve months is to be covered by the Offering, which could provide the Company with net proceeds of SEK 39.9 million after deduction of costs of approximately SEK 5 million. In connection with the Offering, the Company has received binding subscription undertakings of SEK 23.3 million, corresponding to approximately 52% of the Offering.

If the Offering is carried through the Company will have sufficient working capital available for the Company's planned activities for at least twelve months after the first date of trading on First North. If the Offering is not carried through, it is the Board's intention to raise new equity from existing shareholders and/or new private investors. If such alternative financing is not available, Bawat will consider other solutions such as reducing the Company's costs, dispose assets and/or conduct certain changes to Bawat's business plan or organization.

RISK FACTORS

An investment in securities is associated with risk. This section describes the risk factors and important circumstances that are considered material for Bawat's operations and future development. In accordance with the Prospectus Regulation, the risk factors specified in this section are only limited to such risks that are deemed to be specific to the Company and/or the Company's securities and that are deemed to be significant for an investor to make an informed investment decision.

Bawat has assessed the materiality of the risks based on the probability of the risks to be materialized and the potential extent of negative consequences that may result from the risks being realized. The assessment is made through a qualitative scale with the terms low, medium, and high. The risk factors are presented in a limited number of categories which include risks related to Bawat's operations, financial situation, legal and regulatory risk, and risks related to Bawat's Units, shares and the Offering. The risk factors presented below are based on the Company's assessment and available information as of the day of the Prospectus. The risk factors that as of the day of the Prospectus are deemed to be most significant are first presented within each category, while the risk factors are then presented without certain ranking.

RISK RELATED TO BAWAT AND ITS OPERATIONS

Bawat may not be able to effectively manage rapid growth

The Company's commercial strategy requires the hiring of a significant number of new employees over the coming years, both in engineering and in sales and marketing functions. Some of these employees may be located outside of the Danish headquarters. There is significant competition for skilled engineers and sales personnel in the shipping and Greentech industries, and it may be more difficult than anticipated for the Company to identify and attract such employees. Furthermore, new employees will not be operating at full capacity and efficiency immediately, and the Company will have to spend managerial resources to onboard and train its new employees to successfully integrate them into the Company's organisation and workflows. The anticipated higher number of employees will also require the Company to adopt new work processes and systems to remain nimble and cost effective. If Bawat is not able to manage the anticipated growth in employees and activities over the coming years, the Company may ultimately be unable to reach its strategic objectives. Bawat believes the risk that its will not be able to manage its anticipated growth is medium. The Company estimates that the risk, if realized, would have a high negative impact on Bawat's commercial prospects.

Many of the competitors are much larger than Bawat

Most of the Company's competitors are larger than Bawat and have more R&D, financial, and sales-and marketing resources available. Several are multinational corporations with vast resources and manpower. The market for new ship building is relatively concentrated on a few nations (such as China, South Korea, and Japan) and competitors located in those regions may enjoy an advantage by being closer to the customer. Some of Bawat's competitors are owned or controlled by international industrial groups such as Hyundai Heavy Industries, Samsung Heavy Industries and Mitsubishi Heavy Industries that are also among the world's largest shipbuilders. Bawat believes the risk it will not be able to compete effectively in a market dominated by larger players is medium to high. The Company estimates that the risk, if realized, would have a high negative impact on Bawat's commercial prospects.

The market may not accept Bawat's heat-based system

Bawat's success depends on its ability to develop and market products that are recognized and accepted by its customers as reliable, sustainable, and cost-effective. Most of the potential customers have limited knowledge of, or experience with, the Company and its products. None of the Company's competitors offer heat-based systems, and as far as the Company is aware, no other heat-based system is currently undergoing the certification processes with IMO and the U.S. Coast Guard. The market's general awareness of the advantages of a heat-based system to treat ballast water is therefore limited. Indeed, the Company's largest competitors are spending significant global marketing resources on promoting other systems for the treatment of ballast water that are not heat-based. Bawat believes the risk that the market will not accept its products is low to medium. The Company estimates that the risk, if realized, would have a high negative impact on Bawat's commercial prospects.

Bawat depends on third parties to achieve its objectives

Bawat depends on third parties to deliver products at competitive prices, such as suppliers of the various engineering elements that make up Bawat's BWMS system, and various subcontractors for performance of other services related to engineering and installation of the Company's ballast water treatment solution. The Company's global sales effort relies among other things on a large network of third-party sales agents, many of which are also agents for other providers. The Company has entered a strategically important joint venture cooperation with Green Swan Partners to commercialise the mobile containerized BWMS system. Under this agreement, each party undertake to perform certain tasks important to the commercial success of the joint endeavour. Any third party the Company is contractually engaged with or otherwise relies on, may not be available when needed or, if they are available, may not comply with all contractual requirements and/or may not otherwise perform their services in a timely or acceptable manner or at competitive prices. If so, Bawat may need to enter new arrangements with alternative third parties, which may delay or otherwise negatively impact Bawat's sales efforts and/or quality of service. Bawat believes the risk its third-party collaborators fail to perform on third contractual or agreed tasks, and that the Company will not be able to replace such partners, is low. The Company estimates that the risk, if realized, would have a high negative impact on Bawat's commercial prospects.

RISK RELATED TO BAWAT'S FINANCIAL SITUATION

Bawat has never made a profit and will continue to be loss making in the coming years

Since the Company's inception in 2011, Bawat has never made a profit. The Company posted a net loss of DKK 22 million in the financial year 2021. The Company expects that its operating losses will continue in the coming years as the Company plans to invest additional funds toward expansion of its international commercial organization. These increased sales and marketing expenses will make it harder for the Company to achieve and sustain profitability in the near future. Bawat assesses the probability that the Company will never make a profit as low to medium. The Company estimates that the risk, if realized, would have a high negative impact on Company's commercial prospects and long-term viability.

Bawat may need to raise additional funds in the future

There is no assurance that the Company will be able to obtain additional funds in the future on acceptable terms, or at all. If Bawat raise additional funds by issuing equity or equity linked securities, the shareholders may experience dilution. If Bawat raises additional funds through joint venture collaborations and licensing arrangements with third parties, it may be necessary to relinquish some rights to the Company's technologies, or grant licenses on terms that are not favourable. If Bawat is not able to obtain sufficient funds, the Company may have to delay its commercialization, or reduce marketing, customer support or other important functions. Bawat assesses the probability that the Company will not be able to raise additional fund if needed is low to medium. The Company estimates that the risk, if realized, would have a high negative impact on Company's commercial prospects and long-term viability.

LEGAL AND REGULATORY RISK

Bawat is exposed to changes in the regulatory environment

Bawat's market is driven by international maritime environmental standards which are subject to public scrutiny and political action, and involves both regional, national, and international regulatory bodies. The International Maritime Organisation (IMO) is the United Nations authority to serve as a regulator of all vessels sailing in international waters, but additional regulations are imposed from flag states and local authorities, such as the U.S. Coast Guard. The complex and at times politicized regulatory environment may lead Bawat's customers to delay their purchasing decisions or cause them to prefer competing solutions offered by favoured local providers. Furthermore, these regulatory authorities may in the future impose laws and regulations which the Company's heat-based technology is not able to live up to. The Company believe that the risk that Bawat's system will not be able to live up to changing regulations in the future is small. The Company estimates that the risk, if realized, would have a high negative impact on its commercial prospects.

Bawat may not be able to protect its Intellectual Property

Bawat relies on patent protection as well as trade secrets and other intellectual property rights protection none of which may ultimately protect the Company's rights or permit it keep its competitive advantage. If the Company is unable to protect its intellectual property, it may reduce its ability to maintain a competitive advantage over its competitors. Furthermore, the Company may have to incur substantial litigation costs to protect its intellectual property. Bawat's system consists of standard marine components widely available in the market, which makes it comparatively easy to copy Bawat's solution. However, such copied solution would need to undergo IMO and U.S. Coast Guard certification anew, a process which is fully transparent. The Company believe that the risk that its intellectual Property should fail to protect its competitive advantage is low. The Company estimates that the risk, if realized, would have a low negative impact on its commercial prospects.

Bawat is subject to HSE requirements and regulations

The health, safety, and environment ("HSE") requirements in the shipping and oil & gas industries are often stricter than in other industries, and the Company may from time to time be subject to liability risks in this area. A failure to maintain adequate HSE procedures and requirements may result in Bawat becoming liable for equitable-and criminal liability. As a newly established business with a limited track record and a relatively small balance sheet, any liability arising from a failure to comply with HSE requirements may have a material adverse effect on the Bawat's reputation and financial condition. The Company believe that the risk that it will inadvertently fail to comply with applicable HSE requirements is low. The Company estimates that the risk, if realized, would have a medium-to-high negative impact on its commercial prospects.

RISKS RELATED TO THE OFFERING AND THE UNITS

Future offers and risk for dilution

Although not currently envisioned, Bawat may in the future have to issue new shares, units, or other equity- based securities, for instance if the Company's commercial expansion take longer, becomes more expensive than currently expected, or if new business opportunities arise. New issues and share based instruments like warrants and convertible loans may have a negative effect on the market price of the Company's shares and will reduce the proportionate ownership and voting share of holders of existing shares in the Company. Bawat assesses the probability that the risk will occur as high. The Company assesses that the risk, if realized, would have a medium negative impact for the shareholder.

Influence from major shareholders

As of the date of the publication of the Prospectus the Company's largest shareholders have committed to lock-up provisions preventing them from selling any of the Bawat shares they held at the time of the Initial Public Offering. However, after the applicable lock-up period of 12 months has expired, the shareholders affected by the lock-up will be free to sell their shares in Bawat. Should they decide

to do so, it could have a negative impact on the Company's share price. There are no guarantees that the Company's major shareholders will retain their shareholding after the end of the lock-up agreements. The interest of those major shareholders may deviate significantly from, or compete with, the interests of the Company and other shareholders, and these shareholders could exercise their influence over the Company in a manner that is not in the interest of other shareholders of the Company. Bawat assesses the probability that the risk will occur as low. The Company assesses that the risk, if realized, would have a low negative impact for the shareholder.

Subscription undertakings

Some of the Company's largest shareholders, members of the management team and a number of new investors have conditionally undertaken to subscribe up to SEK 23.3 million in the Offering. These subscription undertakings are not secured, meaning that there is no secured capital to complete the commitments. Consequently, there is a risk that those who have entered the subscription undertakings will not be able to fulfil their obligations. Failure to meet the obligations may have a material adverse effect on the Company's ability to successfully complete the Offering. The Company assesses that the probability of the risk occurring is low and that a realization of the risk would have a significant negative impact on the Company's financing, which would have a significant negative effect on the Company's commercial prospects.

Liquidity of the Company's shares

As of the date of publication of the Prospectus, the Company's share has been deemed to meet First North's listing requirements. However, even if the Company's share is listed on First North, there is a risk that an active and liquid trade of the shares may not develop or become lasting, which may lead to difficulties for the shareholders to sell their shares and there is a risk that the price of the shares may fall below the price of the shares in the Offering. There is a risk that investors in the Company's Units, at any time, will not be able to sell their shares at a price acceptable to the shareholder, or at all. Bawat assesses that the probability that the risk will occur is low. The Company assesses that the risk, if realized, would have a large impact on the shareholder.

TERMS AND CONDITIONS FOR THE SECURITIES

GENERAL

Bawat Water Technologies AB is a Swedish publicly limited liability company. Bawat is affiliated to an electronic securities system in accordance with the Central Securities Depositories and Financial Instruments (Accounts) Act (SFS 1998:1479). The register is managed by Euroclear Sweden AB, Box 191, 101 23 Stockholm. Thus, no physical share certificates are issued. Shareholders who are entered in the shareholders register and noted in the record register are entitled to all share-related rights.

Bawat's shares are denominated in SEK, are issued to the holder, and issued pursuant to Swedish law and the regulations pursuant to the Swedish Companies Act (SFS 2005:551). All Bawat's shares are fully paid, freely transferable and of the same share class. Bawat's share capital is SEK 508,517.0145 and the number of shares is 30,819,213. Each share has a quota value of SEK 0.0165. The ISIN code of the share is SE0017487424.

THE ISSUE OF UNITS

On March 1, 2022 the board of directors of Bawat resolved based on the authorization granted by the extraordinary general meeting on February 21, 2022, on an issue of Units. One Unit consists of 3 newly issued shares in the Company and 1 warrant of series TO1. The Offering comprises of up to 6,900,000 shares corresponding to issue proceeds of up to SEK 44,850,000 before transaction costs. The shares have the ISIN code SE0017487424.

The Offering also consists of up to 2,300,000 warrants of series TO1 with the ISIN code SE0017563265. The issue proceeds upon full exercise of the warrants of series TO1 corresponds to a maximum of SEK 29,900,000 before costs at the maximum warrant exercise price of SEK 13. The full terms and conditions for the warrants of series TO1 are available on the Company's website www.bawat.com. The warrants will be registered in an electronic securities system with Euroclear Sweden AB and the warrants will be admitted to trading on First North.

In the event of oversubscription, the board of directors may decide to allocate up to 1,150,000 additional Units in a so-called Oversubscription option. Upon full exercise of the Oversubscription option, the Company will receive an additional SEK 22,425,000 before transaction costs. In addition, upon full exercise of all the attached warrants of series TO1 in the Oversubscription option, the Company will also receive SEK 14,950,000 before transaction costs at the maximum warrant exercise price of SEK 13.

The offered shares and warrants are freely transferable and are issued pursuant to Swedish law.

CERTAIN RIGHTS ASSOCIATED WITH THE SHARES AND WARRANTS

The rights associated with the shares and warrants issued by Bawat, including the rights in accordance with the Articles of Association, may only be amended in accordance with the procedure laid out in the Swedish Companies Act (2005:551).

PARTICIPATION AND VOTING RIGHTS AT GENERAL MEETINGS

Notices to attend general meetings are carried out via announcement in the Swedish Official Gazette and on Bawat's website. Bawat shall announce that the notice has been issued by publication in the Swedish newspaper Svenska Dagbladet. Shareholders that want to attend the general meeting shall be registered in the share register managed by Euroclear six banking days before the general meeting and notify attendance to the general meeting to Bawat at the latest on the day specified in the notice.

Each share carries one (1) vote at Bawat's general meeting. Each shareholder is entitled to vote for each share the shareholder owns in Bawat.

PRE-EMPTION RIGHTS IN THE CASE OF NEW SHARES ETC.

If the Company issues new shares, warrants or convertible bonds, in the event of a cash issue or offset issue, shareholders generally have pre-emption rights, in accordance with the Swedish Companies Act (2005:551), to subscribe for such securities in relation to the number of shares that were held prior to the issue.

RIGHTS TO DIVIDEND, SHARE OF BAWAT'S PROFIT AND IN THE EVENT OF LIQUIDATION

Each share carries equal rights to dividends and to Bawat's assets and any surplus in the event of liquidation.

Resolutions regarding dividends are made by the shareholders' meeting. The right to dividend accrues to the person who is entered in the share register managed by Euroclear on the record date set by the general meeting. Dividends are normally paid as a cash amount per share through Euroclear's provision but can also be paid out in another form (dividend in kind). If a shareholder cannot be reached, the shareholder retains its claim on the Company in respect of the amount of dividend, subject to a limitation period of ten years. After the end of the ten-year period, the dividend will accrue to Bawat.

There are no restrictions on dividends being paid out to shareholders residing outside of Sweden. Shareholders not residing in Sweden will usually have to pay withholding taxes on the dividend payment. Bawat is not, however, obligated to pay any such tax. The shares offered in connection with the Offering carries the right to dividend from the first dividend record date following the Offering.

Bawat has no dividend policy and has so far not paid any dividends.

PUBLIC TAKEOVER BIDS

The Swedish Takeover Act (2006:451) contains fundamental provisions regarding public takeovers related to companies whose shares are traded on a regulated market in Sweden. The act also contains provisions governing mandatory bids and defensive measures. Furthermore, pursuant to the Securities Markets Act (2007:528), a securities exchange has rules related to public takeover bids regarding shares traded on a regulated market that the securities exchange operates. The Nasdaq Stockholm and Nordic Growth Market NGM AB securities exchanges have such rules in place today.

The Swedish Corporate Governance Board, the role of which is to promote good corporate practice on the Swedish stock market, recommends that, in all material respects, equivalent rules should be applied to companies whose shares are traded on multilateral trading platforms such as the Nasdaq First North Growth Market. The applicable regulations for Bawat are the "Takeover rules for trading platforms" issued by the Swedish Corporate Governance Board on January 1, 2021.

If the Board of Directors or the CEO, because of information from the party who is considering making a public takeover bid on Bawat's shares, have a valid reason to believe that such a bid will be made in the near future, or if such a bid already has been announced, Bawat can only act after a resolution has been made by the general meeting, so-called defense measures, which are aimed at worsening the pre-conditions for leaving or completing the offer. This does not, however, prevent Bawat from looking for alternative bids.

During a public takeover bid, shareholders are free to decide whether they wish to sell their shares. Following a public takeover bid, the person who submitted the bid may, under certain conditions, be entitled to redeem the remaining shareholders' shares in accordance with the rules on compulsory redemption in chapter 22 of the Swedish Companies Act.

A shareholder who holds more than 90% of the shares in the Company, itself or through one or more subsidiaries, has a right to redeem the remaining shares according to chapter 22 of the Swedish Companies Act. Compulsory redemption can also be invoked by a minority shareholder when a majority shareholder has more than 90% of the shares.

Bawat's shares are not subject to an offer made because of a mandatory bid, right of redemption or redemption obligation. Nor have any public takeover offers been made about the shares during the current or previous financial year.

TAX REGULATION

Investors should be aware that the tax legislation in the investor's member state and the Company's country of registration, which is Sweden, can affect possible income from the securities. Investors are urged to consult independent advisors in respect of the tax consequences that may arise in connection with the Offering.

TERMS AND CONDITIONS FOR THE OFFERING

THE OFFERING

The Offering is being offered to the public in Sweden, Norway, Denmark, and Finland.

The Offering comprises of 2,300,000 Units. One Unit consists of 3 newly issued share in the Company and 1 warrant of series TO1. Each warrant of series TO1 gives the holder a right to subscribe for 1 new share in the Company.

The Offering comprises of up to 6,900,000 shares corresponding to issue proceeds of up to SEK 44,850,000 before costs at the offering price of SEK 19.5 per Unit. The shares have the ISIN code SE0017487424. The Offering also consists of up to 2,300,000 warrants of series TO1 with the ISIN code SE0017563265. The issue proceeds upon full exercise of the warrants of series TO1 corresponds to SEK 29,900,000 before costs at the maximum warrant exercise price of SEK 13.

If the Offering is fully subscribed and all the warrants of series TO1 are exercised, the Company will receive issue proceeds of SEK 74,750,000 before costs at the maximum warrant exercise price of SEK 13.

In the event of oversubscription, the board of directors may decide to issue up to 1,150,000 additional Units in a so-called Oversubscription option (the “Oversubscription option”), which consists of up to 3,450,000 additional shares and 1,150,000 additional warrants of series TO1. Upon exercise of the Oversubscription option, the Company will receive an additional SEK 22,425,000 before transaction costs. In addition, upon full exercise of all the attached warrants of series TO1 in the Oversubscription option, the Company will also receive SEK 14,950,000 before transaction costs at the maximum warrant exercise price of SEK 13. Hence, the total proceeds to the Company from the Offering could amount to SEK 112,125,000 before costs.

OFFERING PRICE

The offering price is SEK 19.5 per Unit corresponding to SEK 6.5 per share. The warrants of series TO1 are issued free of charge. No commission will be charged. The valuation of the Company is based on the market potential of Bawat’s ballast water management system and comparisons with already listed peer companies in the maritime- and water treatment industries.

APPLICATION PERIOD

The application period for the Units runs from March 3, 2022 until March 17, 2022, both days included. Applicants should contact their bank early in the application period in order to apply or receive information about their last day of application, as this may vary from bank to bank.

The board of directors reserves the right to extend the offering period. Any extension of the offering period shall be resolved before the end of the offering period and be made public through a press release.

MINIMUM APPLICATION ENTRY

Applications should be made for a number of Units. The minimum accepted application is for 250 Units, corresponding to SEK 4,875. However, any number of additional Units may be applied for.

TERMS FOR COMPLETION OF THE OFFERING

The Offering is conditional on no circumstances arising that may result in the timing for carrying out the Offering being deemed inappropriate. Such circumstances may, for example, be of an economic, financial, or political nature, and refer to circumstances in Sweden as well as abroad. The Offering may also be withdrawn if the Company cannot meet First North’s requirement regarding sufficient supply and demand of the shares or if, for other reasons, the Company’s shares cannot be admitted to trading on First North. If the Offering is withdrawn, this will be published as soon as possible by press release no later than before contract notes are sent out, which is expected to take place on March 24, 2022. The Company cannot withdraw the Offering after the trading of the securities has begun.

The Company and Nordic Issuing will enter into an agreement that Nordic Issuing will subscribe for the shares at the quota value in the Company (the "Quota Value Agreement"). In summary, the quota value agreement regulates the following: i) That Nordic Issuing shall subscribe for and pay the quota value of the shares due to technical issues for keeping the set schedule. ii) Nordic Issuing will only subscribe for and pay for the shares provided that the minimum level of the issue and the spread requirement are reached iii) If an investor who has subscribed for and been allotted shares in the Offer does not pay to subscribed amount within two months, the shares will be assigned Nordic Issuing.

OVERSUBSCRIPTION OPTION

In the event of oversubscription, the board of directors may decide to issue up to 1,150,000 additional Units.

If the Oversubscription option is exercised in full, an additional 1,150,000 Units consisting of 3,450,000 newly issued shares and 1,150,00 warrants of series TO1 will be issued. The terms and conditions for the Oversubscription option are the same as in the Offering.

TERMS AND CONDITIONS FOR WARRANTS OF SERIES TO1

Each warrant of series TO1 gives the right to subscribe for 1 new share in the Company against cash payment during a 14-day period immediately following the publication of the Company’s Q1 2023 report. The exercise price for the warrants will correspond to 70 percent of the Volume Weighted Average Price (“VWAP”) of the Company's shares in the ten-day period leading up to two trading days before the publication of the Q1 2023 report but at least SEK 6.2 and not more than SEK 13.

The full terms and conditions for the warrants of series TO1 are available on the Company’s website www.bawat.com.

LISTING OF WARRANTS OF SERIES TO1

The board of directors of Bawat intends to apply for listing of the warrants of series TO1 on First North Premier Growth Market. The first day of trading is expected to be March 28, 2022.

APPLICATION FOR SUBSCRIPTION OF UNITS

Notification of acquisition of units must be made via your bank by following their routines and guidelines. Please note that not all banks offer their customers to report acquisitions in the issue.

The minimum acquisition is 250 units, which corresponds to SEK 4,875. Thereafter, acquisitions may take place in any number of units.

It is only permitted to submit one (1) application form per subscriber. In the event that several application forms are submitted, only the most recent receipt will be considered. Incomplete or incorrectly completed application form may be disregarded. No additions or changes may be made to the pre-printed text. Registration is binding.

The board of directors in the Company retain the right to prolong the period for subscription and payment. If a decision is made to prolong the subscription period, the Company will inform the public through a press release before the end of the subscription period.

Applicants must have an account directly registered in Euroclear Sweden's system ("Euroclear") or a securities account with a bank or other nominee to whom the delivery of shares can take place. Applicants who do not have a VP account or securities account must open such account with Euroclear or with a bank or nominee before submitting the application form to Nordic Issuing. Note that this may take some time.

Note that anyone who has a custody account or account with specific rules for securities transactions, such as an investment savings account (ISK) or equity insurance account (KF), must check with the bank/nominee if and how the application of securities within the framework for the Offering is possible. The application must be made in agreement with the bank/nominee responsible for the account.

Application forms and the Prospectus will be available on Nordic Issuing's website (www.nordic-issuing.se) and at the Company's website (www.bawat.com).

APPLICATION ABOVE EUR 15,000

If the application amounts to, or exceeds, EUR 15,000 a money laundering form shall be completed and sent to Nordic Issuing in accordance with the Swedish Act (2017:630) on measures against money laundering and terrorist financing. Please observe that Nordic Issuing cannot distribute any securities, even if payment have been received, before the money laundering form has been received by Nordic Issuing.

ALLOCATION

Allocation of units will be decided by the Company's Board in consultation with Nordic Issuing and the Company´s financial adviser, in which case the following principles shall apply:

a) That it is necessary to meet the marketplace's requirements for distribution regarding warrants of series TO 1, where the requirement is that the Company must have at least 100 qualified option holders with an option holding of at least EUR 500 respectively (where the value of a warrant is calculated at the same price as the price per share in the Offering).

b) To create investment space for parties who, in the Board's assessment, contribute particular strategic value to the Company.

If the number of applicants in the new issue exceeds the possible number of shareholders, and thus making it impossible to allocate each applicant the minimum number of Units, allotment of Units will be decided by drawing of lots, which means that allocation can partly or entirely be made through random selection. This is a computerized process which relies on algorithms that randomly execute the drawing of lots and will be executed by Nordic Issuing in the new issue. This further means that allocation may happen with fewer Units than applied for on the application form or no Units at all. Allocation is not dependent on when the application form is submitted during the application period.

APPLICATION VIA NORDNET

Nordnet clients in Sweden, Norway, Finland, and Denmark can subscribe through Nordnet's webservice. Application to acquire Units is made via Nordnet's webservice and can be submitted during the application period from March 3, 2022, up to and including 3:30 p.m. CET on March 17, 2022. To ensure that they do not lose their right to allocation, Nordnet customers must have sufficient funds available in their depository account from 11:59 p.m. CET on March 16, 2022, up until, and including, the settlement date, which is expected to be March 25, 2022. Full details of how to become a Nordnet customer and the application procedure via Nordnet are available on www.nordnet.com. For customers that have a Nordnet investment savings account, should an application result in allocation, Nordnet will purchase the equivalent number of Units to the Offering and resell the Units to the customer at a price corresponding to the application price in the Offering.

APPLICATION VIA AVANZA

Custody account holders at Avanza can apply for the acquisition of Units via Avanza's online services during the period from March 3, 2022, up to and including 3:30 p.m. CET on March 17, 2022. To ensure that they do not lose their right to any allotment, Avanza depository account customers must have sufficient funds available in their depository account from 11:59 p.m. CET on March 16, 2022, up until, and including, the settlement date, which is expected to be March 25, 2022. More information on the subscription procedure via Avanza can be found at (www.avanza.se).

ALLOCATION VIA NORDNET

Those subscribing via Nordnet's webservice receive notification of allocation through a notification of the application of Units against a simultaneous debiting of cash on the specified depository, which is expected to take place on or about March 25, 2022.

ALLOCATION VIA AVANZA

Those subscribing via Avanza's webservice receive notification of allotment through a notification of the acquisition of Units against a simultaneous debiting of cash on the specified depository, which is expected to take place on or about March 25, 2022.

NOTIFICATION OF ALLOCATION

As soon as possible after the board of directors have decided on the allocation, a contract note will be sent to those subscribers who have been allocated Units. Those subscribers who were not allocated Units will receive no notification. The allocation does not depend on when the subscription form is received during the subscription period. In the event of oversubscription, the allotment may be withheld or made with a smaller number of Units than specified in the subscription list, whereby the allotment may be made wholly or in part by random selection.

ANNOUNCEMENT OF THE OUTCOME OF THE OFFERING

The Company will announce the outcome of the Offering and the potential Oversubscription option as soon as possible after the subscription period has ended. The announcement is expected to take place on March 22, 2022. The announcement will be made through a press release and be available on the Company's website.

PAYMENT

Payment must be made within two (2) bank days after the contract note has been sent to the applicants. Payment shall be made in accordance with the instructions on the contract note. If payment is not made in time, Units may be assigned to someone else. Payment may be claimed from those who have not paid for applied Units. If the payment for the Units is made too late or is insufficient the subscription may be disregarded. The payment will in such case be refunded. If a larger amount than required has been paid by an applicant for the Units, Nordic Issuing will arrange for the excess amount to be refunded. No interest will be paid on the excess amount. However, amounts less than SEK 100 will not be refunded.

PAYMENT VIA NORDNET

For those who are custody account holders at Nordnet, allocated Units will be booked against debiting of cash at the specified depository on or about March 24, 2022, when notification of allocation is sent, and at the latest on the settlement date on March 25, 2022. Note that funds for the payment of allocated Units must be available in the depository from the last day of the application period March 16, 2022, until the settlement date March 25, 2022.

PAYMENT VIA AVANZA

For those who are custody account holders at Avanza, allocated Units will be booked against debiting of cash at the specified depository on or about March 24, 2022, when notification of allocation is sent, and at the latest on the settlement date on March 25, 2022. Note that funds for the payment of allocated Unites must be available in the depository from the last day of the application period March 16, 2022 until the settlement date March 25, 2022.

SHAREHOLDERS RESIDENT IN CERTAIN INELIGIBLE JURISDICTIONS

The grant of Units to persons resident in, or who are citizens of countries other than Sweden, Norway, Denmark, and Finland may be affected by the laws of the relevant jurisdiction. The Offering will not be directed to persons who are residents of USA, Canada, Japan, New Zeeland, Hong Kong, Switzerland, Singapore, South Africa or Australia or any jurisdiction in which such offering would be unlawful or where such offering would require registration or other measures.

DIVIDEND

The shares offered in connection with the Offering carries the right to dividend from the first dividend record date after the new shares have been registered with the Swedish Companies Registration Office. If provided, dividends are paid based on a decision taken at the general meeting.

Bawat has no dividend policy and has so far not paid any dividends.

DELIVERY OF SHARES AND WARRANTS

Shares and warrants will be delivered after the Offering have been registered with the Swedish Companies Registration Office (Sw. Bolagsverket) which is scheduled to take place on March 24, 2022. Please note that the Units can be partly registered in different tranches at the Swedish Companies Registration Office.

TRADING IN THE SHARES AND THE WARRANTS

When the prospectus is made public, the Company has been approved for listing by Nasdaq, with reservation for the spread requirement. The Company's shares will be traded on Nasdaq under the symbol "BAWAT" and with ISIN-code SE0017487424. All shares in the Company are scheduled to be admitted to trading on March 28, 2022. Settlement is made in SEK. The prerequisite for listing is that Nasdaq's spread requirements are met. There will not be any trading until after notice of allocation has been made.

The warrants will be traded on Nasdaq under the symbol "BAWAT TO1" and with ISIN-code SE0017563265.

IMPORTANT INFORMATION REGARDING THE POSSIBILITY OF SELLING ALLOTTED SHARES AND WARRANTS

After payment for allotted shares and warrants has been handled, paid shares and warrants will be transferred to the VP account, securities depositary or investment savings account designated by the applicant. The time required for the transfer of payment and the transfer of paid shares to such an applicant means that they will not have such shares and warrants available in the designated account or depositary until at the earliest around March 25, 2022. Trading in the Company´s shares and warrants are expected to commence on March 28, 2022. The fact that the shares and warrants are not available in the applicant's account of depositary until around March 25, 2022, at the earliest may mean that the applicant will not be able to sell these shares and warrants from the first trading day, but only when the shares and warrants are available in the account or depositary.

DILUTION

If the Offering is fully subscribed, the number of outstanding shares will increase by 6,900,000 newly issued shares from 30,819,213 to 37,719,213 corresponding to a dilution of approximately 18.3%. If the Oversubscription option is exercised, the number of shares in the Company will increase by a further 3,450,000 newly issued shares from 37,719,213 to 41,169,213 corresponding to a total dilution of approximately 25.1%.

If all the attached warrants of series TO1 from the Offering and the Oversubscription option are exercised, the number of outstanding shares will increase further by 3,450,000 from 41,169,213 to 44,619,213 corresponding to a total dilution of approximately 30.9%.

SUBSCRIPTION UNDERTAKINGS

The Company has received binding subscription undertakings of up to SEK 23.3 million corresponding to 52% of the Offering.

The subscription undertakings are not secured by means of bank guarantees, restricted funds, pledging or any similar arrangement. Accordingly, there is a risk that the undertakings, in whole or in part, will not be fulfilled. No fees or commissions are payable on the subscription undertakings.

The table below cover the subscription undertakings as of the date of this Prospectus, including commitments by the members of the executive management.

Subscription undertakings

Name	Units	Amount (SEK)	% of the Offering
Klaus Nyborg	146,667	2,860,000	6,4%
Homarus	146,667	2,860,000	6,4%
Selfinvest	146,667	2,860,000	6,4%
JNG Holding	73,333	1,430,000	3,2%
Marcus Hummer	35,897	700,000	1,6%
John Bo Henriksen	35,897	700,000	1,6%
Others	607,692	11,850,000	26,4%
Total	1,192,821	23,260,000	51,9%

LOCK-UP UNDERTAKING

The Company's largest shareholders and senior management members directly or indirectly holding more than 5% of the Company's shares prior to the Offering have undertaken not to transfer, pledge or otherwise divest any shares in Bawat held by the time of the Offering for a period of twelve (12) months from the date of completion of the Offering. The lock-up undertaking is subject to customary exemptions, for example if a public takeover offer is submitted for all shares in the Company.

Hence, 85.8% of the outstanding shares in the Company at the date of the Prospectus is covered by the lock-up undertaking. Following a fully subscribed Offering, 70% of the Company's outstanding shares will be locked up for a period of twelve months (64.2% of the outstanding shares if the Oversubscription option is exercised).

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

BOARD OF DIRECTORS

As of the date of the Prospectus, the Board of Directors consists of four members, including the chairman of the Board, elected up until the end of the 2023 annual general meeting. According to Bawat's articles of association, the Board of Directors is to consist of not less than 3 and not more than 7 board members. No deputy members may be appointed. The Board of Directors and senior management can be contacted via Bawat's address Bawat Water Technologies AB, c/o Advokatfirman Lindahl KB, P.O. Box 5898, SE-102 40 Stockholm.

Name	Position	Board member since	Independent in relation to: **The Company and its management**	**Major shareholders**
Klaus Nyborg	Chairman	2021	Yes	No
Charlotte Hummer Vad	Member	2021	No	No
Thomas S. Knudsen	Member	2021	Yes	Yes
Peter Stokbro	Member	2021	Yes	No

Klaus Nyborg

Education | Klaus Nyborg holds a MSc. in Business & Business Law from Copenhagen Business School and an ADP from London Business School.

Previous assignments/engagements | Klaus Nyborg previously served as the Chief Financial Officer at Maersk Line, Asia Region based in Singapore, Maersk Logistics and TORM A/S. Furthermore, Klaus Nyborg also served as the interim Chief Executive Officer at D/S Norden A/S and Chief Executive Officer at Pacific Basin Shipping Limited, Hong Kong.

Other material ongoing assignments | Klaus Nyborg serves as the chairman of the board at D/S Norden A/S, United Shipping & Trading A/S and MOSCORD Pte Ltd. Klaus serves as Vice Chairman at DFDS A/S as well as chairman of the investment committee of Maritime Investment Fund I & II. Klaus Nyborg also holds board memberships at Norchem A/S, X-Press Feeders Limited, Singapore and Karen og Poul Hansens Familiefond.

Holdings in Bawat | As of the date of the Prospectus, Klaus Nyborg owns 1,598,424 shares in the Company corresponding to approximately 5.2% of the Company's shares. Likewise, Klaus Nyborg owns 3,445,233 shares through his holding company Return ApS corresponding to a total ownership of approximately 16.4% of the shares in the Company.

Charlotte Hummer Vad

Education | Charlotte Hummer Vad holds a Master of Science (MSc) in Chemical Engineering from Technical University of Denmark (DTU) and a Master of Business Administration (MBA) from University of San Diego.

Previous assignments/engagements | Charlotte Hummer Vad was previously Head of Global Communication Services at Novozymes A/S. Furthermore, she has been employed as Management Consultant at Aarsø Nielsen & Partners A/S and as Research Scientist at Sanford Burnham Prebys Medical Discovery Institute.

Other material ongoing assignments | Charlotte Hummer Vad is Head of Back-end Delivery, Customer Engagement at Novozymes A/S. Furthermore she is the founder of CHV Terapi. In addition, she serves on the board of Homarus Holding A/S.

Holdings in Bawat | As of the date of the Prospectus, Charlotte Hummer Vad directly owns 669,999 shares in the Company, corresponding to 2.2% of the Company's shares. Likewise, Charlotte Hummer Vad indirectly owns 2,079,068 shares through her 30% stake in the family-owned holding company Homarus Holding A/S corresponding to an ownership of approximately 6.75% of the shares in the Company.

Thomas S. Knudsen

Education | Thomas S. Knudsen holds a Ph.D. in Mechanical Engineering from Technical University of Denmark (DTU).

Previous assignments/engagements | Thomas S. Knudsen was previously Managing Director at A/S D/S Orient's Fond and Senior Vice President, Branch Manager at MAN Diesel & Turbo. He has also served as chairman of the board in Danish Maritime and as board member in Burmeister & Wain Scandinavian Contractor A/S.

Other material ongoing assignments | Thomas S. Knudsen is chairman of the board in Eltronic Fueltech A/S and member of the board in Hans Jensen Lubricators A/S, C.C. Jensen A/S, Svanehøj Group A/S, G&O Maritime Group, and The Danish Maritime Group.

Holdings in Bawat | As of the date of the Prospectus, Thomas S. Knudsen owns no shares or other securities in the Company.

Peter Stokbro

Education | Peter Stokbro holds a bachelor's degree in Marine Engineering from Martec.

Previous assignments/engagements | Peter Stokbro previously served as Technical Director at Navig8 Limited and Vice President at Eitzen Chemical A/S. He has also held positions at EMS Ship Management A/S, TORM A/S, Herning Shipping A/S, A.P. Møller A/S, DFDS A/S, and Wärtsilä Diesel Service A/S.

Other material ongoing assignments | Peter Stokbro is Technical Director at Uni-Tankers A/S. In addition, he is a board member at Fartygskonstruktioner AB (FKAB) and Uni-Chartering A/S.

Holdings in Bawat | As of the date of the Prospectus, Peter Stokbro owns no shares or other securities in the Company.

SENIOR MANAGEMENT

Name	Position	Employed since
Marcus Peter Hummer	Chief Executive Officer	October 2019
John Bo Henriksen	Chief Financial Officer	May 2020

Marcus Peter Hummer – Chief Executive Officer

Education | Marcus Hummer holds a MSc in Chemical Engineering from the Technical University of Denmark and a HD II in Finance from Copenhagen Business School.

Previous assignments/engagements | Marcus Hummer was previously COO at Kelvion Project Engineered Solutions GmbH, and COO at GEA Heat Exchangers GmbH. Likewise, Marcus Hummer worked as a Business Developer at Maersk Oil & Gas A/S and served as the Chairman at ATHCO Engineering A/S.

Other material ongoing assignments | None.

Holdings in Bawat | As of the date of the Prospectus, Marcus Hummer holds directly owns 249,999 shares in the Company corresponding to approximately 0.81% of the Company's shares. Through his 30% ownership stake in the family-owned holding company Homarus Holdings A/S, he indirectly owns another 2,079,068 shares corresponding to approximately 6.75% of the shares in the Company. Marcus Hummer also holds 546,966 warrants in the Company.

John Bo Henriksen – Chief Financial Officer

Education | John Henriksen holds an MSc in Business Administration and Auditing from Copenhagen Business School.

Previous assignments/engagements | John Henriksen was previously CFO at Arriva Denmark A/S and GEA Procomac S.p.A. John Henriksen also served as a Senior Director at GEA Process Engineering A/S.

Other material ongoing assignments | None.

Holdings in Bawat | As of the date of the Prospectus, John Henriksen owns 150,000 shares in the Company corresponding to approximately 0.49% of the total ownership. John Henriksen also holds 390,690 warrants in the Company.

Other information about the Board of Directors and the senior management

Marcus Hummer, CEO, and Charlotte Hummer Vad, director, are siblings. Other than that, there are no family relationships between the directors of the board and the senior management.

None of the board members or senior management in Bawat have, over the past five years, been (i) convicted in fraud-related court cases, (ii) been subject to any accusations and/or sanctions levelled from or resolved by an authority (including authorized professional societies (iii) represented a company that has been declared bankrupt or that has involuntarily entered into liquidation, (iv) been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct of the affairs of a company.

REMUNERATION TO THE BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Remuneration during 2021

The table below presents the remuneration paid during the 2021 financial year to board members and the members of the senior management consisting of Marcus Hummer and John Henriksen. The table also includes renumerations paid by the Company's subsidiaries.

The Company has no accrued expenses for pensions, benefits or similar when board members or members of the senior management resigns from their positions.

Name	Salaries and remunerations(DKK)	Pensions(DKK)	Other(DKK)
Klaus Nyborg	-	-	-
Charlotte Hummer Vad	-	-	-
Thomas S. Knudsen	-	-	-
Peter Stokbro	-	-	-
Senior Management	1,559,214	15,291	-
Total	1,559,214	15,291	-

FINANCIAL INFORMATION AND KEY FIGURES

This section presents selected financial information for Bawat, at a group level for the Subsidiary Bawat A/S the financial years ending December 31, 2021, and 2020, respectively (audited) and for the parent company Bawat Water Technologies AB for the period October 5 to December 31, 2022 (audited). Bawat A/S' financial statements have been prepared in accordance with Danish GAAP and has been audited by PricewaterhouseCoopers, and are incorporated by reference. For the purposes of this prospectus, those accounts were restated to IFRS but were not audited. The accounts are prepared in Danish kroner and the amounts are given in DKK thousand unless stated otherwise. Bawat Water Technologies AB's financial report has been prepared in accordance with IFRS and has been audited by Öhrlings PricewaterhouseCoopers.

The Financial information is incorporated by reference in accordance with the following:

Bawat Water Technologies AB's financial report October 5 - December 31, 2021 (audited)	
Balance sheet	Page 2
Notes	Page 2
Auditor's report	Page 7
The financial report October 5 – December 31, 2021 can be found on the following link: https://investor.bawat.com	

Bawat A/S annual report 2020 and 2021 (audited)	
Income statement	Page 8
Balance sheet	Page 9-10
Statement of changes in equity	Page 11
Notes	Page 12-24
Auditor's report	Page 2
Annual report 2020 and 2021 can be found on the following link: https://investor.bawat.com	

Bawat A/S additional financial information in accordance with IFRS for 2021 (unaudited)	
Group income statement	Page 4
Group balance sheet	Page 2-3
Group statement of changes in equity	Page 6
Group cash flow statement	Page 7
Notes	Page 4-5
The additional information for the financial year 2021 can be found on the following link: https://investor.bawat.com	

KEY RATIOS

The table below shows certain key ratios for the 2020 and 2021 financial years. The table has not been independently audited.

	Audited	Unaudited	
	5/10-31/12, 2021(tSEK)	**FY-2021**(tDKK)	**FY-2020**(tDKK)
Company	Bawat Water Technologies AB	Bawat A/S	Bawat A/S
Accounting principles	IFRS	IFRS	IFRS
Gross margin[1]	-	23%	14%
EBITDA margin[1]	-	-184%	-214%
Operating margin[1]	-	-265%	-262%
Profit margin[1]	-	-283%	-295%
Solidity[1]	100%	-15%	20%
Earnings per share[1]	-	-2	-2
Equity per share[1]	1	-1	1

[1]Defined by the Company's applicable accounting principles and therefore not considered an alternative performance measure according to ESMA's guidelines

Definition of key ratios

Ratios	Definition	Purpose
Gross margin	Net sales minus the cost of goods sold – as a percentage of net sales	Used to measure the Company's product profitability as a percentage
EBITDA margin	Earnings before interest, tax, write downs and depreciation – as a percentage of net sales	Used to measure operating profit before depreciation and amortization as a percentage
Operating margin	Earnings before interest and tax – as a percentage of net sales	Used to measure operational profitability after depreciation and amortization as a percentage
Profit margin	Profit for the period – as a percentage of sales	Used to measure the Company's reported profit as a percentage
Solidity	Adjusted equity (equity and untaxed reserves less deferred tax) as a percentage of total assets	This measure is used to demonstrate the Company's financial stability
Earnings per share	Reported profit divided by total number of shares	Used to measure how earnings per share develop after changes in the number of shares
Equity per share	Adjusted equity (equity and untaxed reserves less deferred tax) divided by total number of shares	Used to demonstrate the Company's financial stability after changes in the number of shares

Material changes of Bawat financial position after 31 December 2021 until the date of this Prospectus

Furthermore, the Board of Directors of the Company resolved on March 1, 2022 with the support from the Extraordinary General Meeting on February 21, 2022, to carry out the proposed Offering and the Oversubscription Option of a total of SEK 67.3 million to finance the Company's continued commercialisation.

Other than the above, there have been no material changes regarding the Company's financial position after 31 December 2021 until the date of this Prospectus.

Dividend policy

Bawat does not have a dividend policy in place and has at this date never paid a dividend to its shareholders. Bawat is currently in a commercial expansion phase and plans to re-invest any profits in continued Company development. Therefore, no dividend is expected to be paid in the next few years.

LEGAL CONSIDERATIONS AND OWNERSHIP STRUCTURE

GENERAL INFORMATION

All shares of Bawat are of the same share class and carry one vote at the general meetings. All issued shares are fully paid and freely transferable. The shares are denominated in Swedish Krona (SEK) and the shares are issued according to Swedish Law. The shares have the following ISIN code: SE0017487424. Each share carries one vote per share.

The Company was incorporated October 5, 2021. When the Company was incorporated, the share capital amounted to SEK 25,000 distributed on 25,000 shares. Each share had a quota value of SEK 1. As of the date of the Prospectus, Bawat's share capital is SEK 508,517.0145 distributed on 30,819,213 shares. Each share has a quota value of SEK 0.0165.

From the first day of trading on Nasdaq First North Premier Growth Market, Bawat will apply the Swedish Code of Corporate Governance issued by the Swedish Corporate Governance Board.

GROUP STRUCTURE

Bawat Water Technologies AB is the parent company in the group, which in addition to the parent company consists of the wholly owned Danish Subsidiary Bawat A/S which owns 50% of the Danish joint venture Ballast Technology Services ApS, which in turn owns 51% of the U.S. joint venture Freedom Ballast LLC.

OWNERSHIP STRUCTURE

As of the date of publication of the Prospectus, the Company has 20 direct shareholders of which 6 have ownership interests of more than 5%. In so far as known to the Company, the name of any person who, directly or indirectly, has an interest in the Company's capital or voting rights which is equal or above 5% of capital or total voting rights, together with the amount of each such person's interest, is listed in the table below as of the date of the Prospectus. To the Company's knowledge, the Company is not controlled, directly or indirectly, by any natural person or legal entity.

Shareholders holding more than 5% of the Company's shares

Name	Number of shares	Share of votes and capital
Homarus Holding A/S[1]	6,930,228	22.49%
Selfinvest ApS[2]	6,900,000	22.39%
Klaus Nyborg[3]	5,043,657	16.37%
AkademikerPension[4]	4,805,277	15.59%
AASN Holding A/S[5]	1,700,001	5.52%
Others	5,440,050	17.65%
Total number of shares in Bawat Water Technologies AB	**30,819,213**	**100.00%**

[1] Owned and controlled by Bawat's CEO Marcus P. Hummer and his family, including board member Charlotte Hummer Vad
[2] Owned and controlled by Torben Østergaard-Nielsen and his family
[3] Held directly or through the fully owned and controlled investment company Return ApS
[4] Danish pension fund held by approximately 140.000 members (www.akademikerpension.dk)
[5] Owned and controlled by Aage Søndergaard Nielsen and his family

SHAREHOLDERS' AGREEMENT

Some of the shareholders in Bawat have entered into a shareholders' agreement. This shareholders' agreement will be terminated upon the listing of the Company. Besides this shareholders' agreement, Bawat is not aware of any other shareholders' agreement or any other understanding or similar agreements between Bawat's shareholders intended to exercise joint control of Bawat. Neither is Bawat aware of any agreement or arrangement that would lead to a change of control in Bawat.

INCENTIVE PROGRAMS

Warrant program

On February 21, 2022, the extraordinary general meeting of the Company resolved to issue 1,676,685 warrants for onward transfer to 12 key employees in the Company, including the Company's CEO Marcus Hummer and the Company's CFO John Bo Henriksen. The purpose of the resolved issue is to implement the warrant program that previously existed in Bawat A/S and means that the participants receive warrants in the Company, on essentially corresponding terms according to the existing Danish warrant program. The warrants are issued without consideration to the participants. Each warrant gives the holder a right to subscribe for one (1) share in the Company at an exercise price of DKK 2 per share. The warrants may be exercised during February 2022, 2023, 2024 and the period from February 1, 2025, to October 31, 2025. A total of 1,400,112warrants have been issued to the participants of the incentive program.

The incentive program may result in a dilution for current shareholders of a maximum 4.35%.

MATERIAL AGREEMENTS

Below is a summary of the material agreements that are not within the Company's ordinary course of business and that have been entered into by Bawat during the last twelve months prior to the date of the Prospectus.

Joint Venture with Green Swan Partners LLC

On January 1, 2021, Bawat entered into a Joint Venture & Shareholders' Agreement (together the "JV Agreement") with Green Swan Partners LLC ("Green Swan Partners"). The purpose of the JV Agreement is for Bawat and Green Swan Partners to establish a joint venture company in Denmark called Ballast Technology Services ("BTS"). BTS' shares are equally divided between Bawat and Green Swan Partners. Bawat and Green Swan Partners are equally responsible for the capitalization of BTS.

The purpose of the joint venture is to market, sell, and deploy Bawat's mobile containerized systems on an exclusive basis. Under the JV Agreement, Bawat's responsibilities include design and technical sales support, system installation, commissioning, and after-sales service, whereas Green Swan Partners' responsibilities include sales, marketing, business development, daily management of BTS and raising capital.

BTS' Joint Venture with Monstrant Viam

On January 13, 2022, Ballast Technology Services ApS in turn entered into a Joint Venture agreement with Monstrant Viam LLC, a U.S. based company created to provide ballast water treatment-as-a-service from marine vessels operating in the Mississippi River, Sabine River, and Calcasieu River, and ports along the Texas Gulf Coast.

The new Joint venture will be named Freedom Ballast LLC ("Freedom Ballast"). The purpose of the joint venture is to establish and operate a Ballast Water Reception and Treatment Business within U.S. costal zones including the U.S. Gulf of Mexico and entire Great Lakes region.

Under the agreement BTS' responsibilities include administrative services, business model development, support, and training, whereas Monstrant Viam's responsibilities include management of technical operations, marketing, customer acquisition, regulatory compliance and the provision of manpower, barges, tugboats, facilities, and other needed items for the operation of the ballast water treatment-as-a-service-business.

Collaboration agreement with Ballast Water Containers Limited

On February 18, 2020, the Company entered into a collaboration agreement (the "Agreement") with Ballast Water Containers Limited ("BWC"). BWC has manufacturing, engineering and design capability and experience regarding containerised ballast water treatment systems. BWC also has a commercial network of potential clients. The parties have agreed to collaborate to exploit their respective capabilities and opportunities for mutual benefit by presenting a combined solution to customers seeking a containerised ballast water treatment system installation.

Any common promotion of the combined capabilities of the parties will be by mutual agreement. All intellectual property rights associated with either party's services, designs, products, and capabilities shall at all times remain the sole property of that party. Any intellectual property that is developed by the parties as a result of the collaboration hereunder will be subject to a separate written agreement between the parties and will address key issues such as ownership, licensing and royalties.

RELATED PARTY TRANSACTIONS

Loan agreements with Klaus Nyborg

On March 23, 2021, the Company took a loan amounting to DKK 750,000 from its chairman and shareholder Klaus Nyborg. The loan carried an interest amounting to 8 per cent per year and was due for payment on December 31, 2021, or any earlier date when the Company had raised capital through an issue of shares. As of the date of the Prospectus, this loan has been repaid in full.

On May 27, 2021, the Company took a loan amounting to DKK 750,000 from Klaus Nyborg. The loan carried an interest amounting to 8 per cent per year and was due for payment on December 31, 2021, or any earlier date when the Company had raised capital through an issue of shares. As of the date of the Prospectus, this loan has been repaid in full.

The Company believes both these loan transactions were carried out on market terms.

Loan agreement with Homarus Holding A/S

On March 23, 2021, the Company took a loan amounting to DKK 750,000 from its shareholder Homarus Holding A/S, partially owned by CEO Marcus Hummer and board member Charlotte Hummer Vad. The loan carried an interest amounting to 8 per cent per year and was due for payment on December 31, 2021, or any earlier date when the Company had raised capital through an issue of shares. As of the date of the Prospectus, this loan has been repaid in full.

On May 17, 2021, the Company took a loan amounting to DKK 250,000 from Homarus Holding A/S. The loan carried an interest amounting to 8 per cent per year and was due for payment on December 31, 2021, or any earlier date when the Company had raised capital through an issue of shares. As of the date of the Prospectus, this loan has been repaid in full.

The Company believes both these loan transactions were carried out on market terms.

INTELLECTUAL PROPERTY RIGHTS

Bawat is the owner of four patent families, two of which have been granted in various jurisdictions, and two of which are pending. The Company generally seeks patent protection in countries that are deemed particularly relevant to the shipping and ship building industries. The two latter patent families in the table below (EP3630598A1 and EP3735377A1) are those families that most directly protect the Company's current and future business. Based on patent office actions so far, the Company expects both patents to grant with broad claims.

Patent portfolio

Patent	Title	Issued	Pending
EP2681109A1	SYSTEM FOR TREATING BALLAST WATER IN BALLAST TANKS	China, Hong Kong, Norway, Singapore	
EP3092170A2	A METHOD FOR TREATING BALLAST WATER AND A SYSTEM FOR TREATMENT OF BALLAST WATER IN A SHIP COMPRISING AT LEAST TWO BALLAST TANKS	Japan	
EP3630598A1 US2020198752A1	A SYSTEM AND A METHOD FOR HEAT TREATMENT OF WATER OF VESSEL		EU, China, Hong Kong, Korea, Singapore, United States
EP3735377A1	METHOD AND SYSTEM FOR MANAGEMENT OF BALLAST WATER OF A VESSEL DURING VOYAGE		EU, Singapore

LEGAL AND ARBITRATION PROCEEDINGS

Bawat is not, nor has it been during the past 12 months, a party to any government agency proceedings, legal proceedings, arbitration proceedings or settlement proceedings (including not yet determined matters or such matters that Bawat is aware may arise) that have recently had or could have a material impact on Bawat's financial position or profitability.

CONFLICTS OF INTEREST

There are no conflicts of interest or potential conflicts of interest between the board members and senior management's commitments toward Bawat and their private interest and/or commitments (however, several board members and senior management representatives have some economic interests in Bawat, either directly or indirectly, through ownership of shares or other securities in Bawat).

AVAILABLE DOCUMENTS

The following documents are available on the Bawat's website www.bawat.com

- Bawat's certificate of registration; and
- Bawat's articles of association.

Bawat

Ballast Water Management

Translution **Capital**®