

BAWAT INTENDS TO LIST ITS SHARES ON NASDAQ FIRST NORTH PREMIER GROWTH MARKET STOCKHOLM

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Stockholm, Sweden, January 19, 2022: The Board of Directors of Bawat Water Technologies AB (“Bawat” or the “Company”) intends to list the Company’s shares on the Nasdaq First North Premier Growth Market in Stockholm and carry out a new issue of Units (the “Offering”) in Q1 2022. The proceeds from the Offering will be used to support the global commercialisation of Bawat’s patented heat-based solution for the treatment of ballast water to reduce the environmental impact of international shipping.

Bawat was founded in 2011 as a Danish Greentech engineering company to create an environmentally friendly solution to the problem of ballast water treatment. The Company’s mission is to be the recognized global leader in heat-based water treatment technologies for maritime, aquacultural and other relevant applications. In 2017 Bawat received a EUR 3 million Horizon 2020 EU grant in recognition of the pressing environmental need and innovative nature of the Company’s solution. Bawat’s patented heat-based system to treat ships’ ballast water received type approval from the International Maritime Organization in 2019 and recorded its first commercial sale the same year. In 2020 the system was also approved by the United States Coast Guard, thus making Bawat the first and still only company to receive type approvals from both these regulatory bodies for a heat-based ballast water treatment system.

Bawat has transitioned from a start-up to a scale-up company and is a high growth case. Based on current order inflow and a solid pipeline for retrofitted solutions to existing ships, new ship builds and land-based systems, the Company expects its intake of new orders in 2022 to be at least EUR 5 million. Bawat will provide further guidance in connection with the H1 2022 interim report.

Marcus P. Hummer, Bawat’s CEO, says:

“The public listing of Bawat on First North Premier is a logical next step for us and is supported by recent news. Late last year, the U.S. Department of Transportation chose Bawat ahead of some of our largest competitors to set up a land-based ballast water reception facility for a test period of one year in the Great Lakes region. This is a stamp of approval from the U.S. authorities who are looking for better technologies to protect the largest fresh-water system in the world. This is all the more encouraging because the idea of treating ballast water on-shore is a cornerstone in our growth strategy. It is a market where we are uniquely positioned because of our technology, and one where we can offer ballast-water-treatment-as-a-service to achieve strong recurring revenues. Just a few weeks ago, we established a new U.S. based joint venture with BWMS reception specialist Monstrant Viam LLC specifically to exploit what we believe are significant opportunities for offering ballast-water-treatment-as-a-service to marine vessels in the Gulf of Mexico. We also recently received purchase orders for retrofitting our heat-based system on two large cruise ships, the first orders in a series for the customer, as well as two retrofitting purchase orders from a Singapore containership owner, one of our repeat customers. All this comes on top of an otherwise rapidly expanding sales pipeline, both for retrofits, new ship builds and mobile solutions. The proceeds from the IPO will allow us to make the most of this momentum and further strengthen our international sales and marketing presence.”

The problem with 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 manoeuvrability, 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 50,000 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 the water intake pumps. 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.

The International Maritime Organization estimates that up to 10 billion tonnes of ballast water are transferred between marine ecosystems each year, with an individual ship carrying anything from a few thousand litres to more than 130,000 tonnes, depending on the size and purpose of the ship. Therefore, recognising the growing threat to marine ecosystems around the world, the IMO has adopted the Ballast Water Management Convention which aims to prevent spread of harmful aquatic organisms from one ecosystem to another. The full implementation of the Convention from September 2024 effectively means that all new merchant ships today (approximately 1,700 new builds worldwide per year) will be delivered with a ballast water treatment system on board. Another 40,000 existing ships will need to have a ballast water treatment system retrofitted over the coming years.

Furthermore, as a result of the implementation and increasing national enforcement of the Ballast Water Management Convention, Bawat 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.

William H. Burroughs, Founder and CEO of Montrant Viam says:

"We are excited about our Joint Venture with Bawat to develop the U.S. Market for ballast water reception and treatment as a service. We see growing customer interest as we prepare to deploy equipment and launch service offerings later this year. We project that one or more of our barge or shore-based facilities will be providing services in every U.S. port in the coming years."

Bawat's solution

Most ballast water treatment system today are based on land-based technologies subsequently adapted for onboard maritime use. The current market leading systems employ UV light disinfection or electro-chlorination, both relatively complex and energy consuming technologies which rely on filtration to be effective against larger organisms, such as zooplankton. This makes them expensive to operate on a ship and prone to failure. Furthermore, independent studies show that discharged ballast water from electro-chlorination systems often contain high residual levels of toxic chemicals.

In contrast, Bawat's system used excess heat from the ship's engine to pasteurize ballast water. Pasteurization is a virtually fool proof way to disinfect, and not surprisingly, all third-party certification tests have confirmed Bawat's system to be highly efficient. Equally important, the system does not need filters and is constructed from well-known marine components, such as standard plate heat exchangers, water tanks and pipes. This makes the system easy to operate and maintain for crews and provide for significantly lower total cost of ownership over the system's lifetime.

And, as opposed to other ballast water treatment technologies, Bawat's system works with a single pass. This gives operators freedom to choose whether to treat the ballast water on intake, during the voyage or in connection with deballasting.

Klaus Nyborg, Bawat's Chairman of the Board of Directors, says:

"Our system is by far the most environmentally friendly out there. We use virtually no electricity and no chemicals at all. But what is probably even more important from a commercial point of view is that our system is the only to be effectively deployed from shore. As a result, we will launch a business model none of our competitors currently have access to, namely ballast-water-treatment-as-a-service. Demand is already here, and from talks with potential customers there are numerous instances where, instead of installing a ballast water treatment system on each ship, it would be both easier and cheaper for the operator simply to buy the required ballast water treatment as a service for all his/her ships. Therefore, from the end of this year, you will start to see floating Bawat facilities to treat ballast water in major harbours and maritime hubs around the world."

The Offering in brief

Should Bawat proceed with the IPO, the Units will be offered to the general public in Sweden, Denmark, Norway and Finland, as well as to institutional investors in the Nordic countries and abroad. The Offering is expected to consist of Units of new shares and warrants in Bawat corresponding to gross proceeds of up to SEK 100 million. 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, and otherwise in support of the Company's commercial expansion plans.

The Company's chairman of the board of directors and senior management team will subscribe Units in the Offering of approximately SEK 4 million. Additional precommitments from existing shareholders and new investors will be announced in connection with the publication of the prospectus.

Subject to receiving relevant approvals from Nasdaq Stockholm AB, as well as prevailing equity capital market conditions, the Offering is expected to be completed during March 2022. Full terms, conditions and instructions for the Offering will be included in the prospectus expected to be published by the Company in connection with the Offering and the listing.

Advisors

Translution Capital is the Company's exclusive financial advisor in the IPO. Nordnet Bank and Avanza are selling agents, 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 law, respectively.

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ABOUT BAWAT

Bawat markets its patented 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 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 and the U.S. Coast Guard.

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This press release is not a prospectus for the purposes of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 (the "**Prospectus Regulation**") and has not been approved by any regulatory authority in any jurisdiction. However, a prospectus, corresponding to an EU Growth Prospectus regarding the Offering described in this press release, will be prepared and published by the Company. The prospectus will be scrutinized and approved by the Swedish Financial Supervisory Authority (Sw. *Finansinspektionen*) being the national competent authority and be published and available on the Company's website thereafter. Furthermore, the prospectus will be passported to Denmark, Norway, and Finland making it available for Danish, Norwegian and Finnish investors.

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