

## **THE BOARD OF DIRECTORS' PROPOSAL FOR RESOLUTION ON APPROVAL OF THE BOARD OF DIRECTORS' RESOLUTION ON A DIRECTED ISSUE OF SHARES**

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The board of directors proposes that the general meeting resolves to approve the board of directors' resolution from January 15, 2024, on an increase in the company's share capital through an issue of new shares in accordance with the following.

1. The company's share capital shall be increased with no more than SEK 5,775 through an issue of no more than 350,000 shares.
2. The right to subscribe for shares shall, with deviation from the shareholders' preferential rights, vest in Klaus Nyborg.
3. Subscription of shares shall be made no later than June 15, 2024. Subscription shall be made on a subscription list. The board of directors shall have the right to resolve on an extension of the subscription period.
4. Payment for subscribed shares shall be made by cash no later than June 15, 2024. However, it shall be noted that the board has a right to grant permission for a set-off according to Ch. 13. Sec. 41 of the Swedish Companies Act. The board of directors shall have the right to resolve on an extension of the payment period.
5. Payment for subscribed shares which exceeds the quota value of the shares shall in its entirety be added to the share premium fund.
6. The subscription price is SEK 1.60 per share, i.e. a total of SEK 560,000 when subscribing for all shares.
7. The new shares entitle to dividend for the first time on the record date for dividends that occurs the closest after the new shares are registered in the share register kept by Euroclear Sweden AB.
8. The reasons for the deviation from the shareholders' preferential rights are as follows. The board of directors is of the opinion that the proceeds from the directed share issue will fulfill Nefco's requirement of matching Nefco-financing with equity which is seen as a favorable long-term financing for the company at market conditions and that the directed share issue is positive for the company's further development and to secure sufficient working capital need. The board of directors has also considered the possibility to raise the required equity through a rights issue. The board of directors has concluded that a rights issue would entail significantly longer execution time and thereby increased market risk exposure compared to a directed share issue. In addition, given the limited size of the directed share issue and the market volatility that has been observed during 2023 and which is still ongoing, the board of directors has assessed that a rights issue would also require significant underwriting commitments from an underwriting syndicate, which would entail additional costs and/or additional dilution depending on the type of consideration paid for such underwriting commitments. The investors participating in the directed share issue have been selected on objective grounds to ensure that the directed share issue can be carried out on favorable terms for the company. The investors, consisting of both existing shareholders and an external investor, are financially strong owners which are prepared to support the company's long-term growth plans, which the board of directors believes creates security, stability and favorable conditions for the company's growth. It is thus deemed to be beneficial for both the company and the company's shareholders.

The subscription price in the directed share issue is SEK 1.60 per share. The board of directors initiated discussions with the investors in the middle of December, 2023, and the subscription price has been determined through arm-length negotiations with the investors in the time since then. The subscription price reflects the current industry and market conditions and demand and is thus considered by the board of directors to be on market terms.

The board of directors, or its nominee, is entitled to decide on any minor changes in the decision of the board of directors that may be required when registering the decision with the Swedish Companies Registration Office, Euroclear Sweden AB or due to other formal requirements.

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A resolution in accordance with this proposal is valid only if supported by shareholders holding at least nine-tenths of both the votes cast and the shares represented at the meeting.

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**Bawat Water Technologies AB (publ)**  
*The board of directors*