

Q3 2022: Strong growth in profits as YTD revenue doubles

Vow ASA reported revenues of NOK 194 million in the third quarter, representing close to a doubling from the same period last year, and an EBITDA margin of 12.9 per cent. High activity in all business segments contributed to the growth, and the Group continues to develop new projects together with its customers. The order backlog remains solid at NOK 1 326 million.

Vow ASA reported revenues of NOK 194 million for the Group in the third quarter of 2022, compared with NOK 98 million in the third quarter last year. All segments contributed to the progress, with especially strong, profitable growth from the Landbased segment. Newly acquired C.H. Evensen represented NOK 14 million of the increase in the third quarter, being included in the Vow group from 1 April 2022. In addition, the cruise industry is gaining speed which resulted in improved activity levels for Aftersales and continued strong revenue growth within Projects Cruise.

EBITDA before non-recurring items was recorded at NOK 25 million in the third quarter 2022, representing an EBITDA margin of 12.9 per cent, compared with NOK 8 million and an EBITDA margin of 8.3 per cent in the same period last year, supported by positive and improved EBITDA result in all segments.

The order backlog currently stands at NOK 1 326 million, up from NOK 1 284 million one year earlier and NOK 1 291 million at the start of the year. In addition to the firm backlog, shipowners have placed options on the newbuild series being equipped with Scanship systems amounting to NOK 863 million in likely future revenues related to the Projects Cruise segment.

"It is great to see that the cruise fleet is back in operation. Vow and Scanship are well positioned to continue supporting shipyards and the shipowners in their green transition and on their mission for an ever-cleaner ocean. Extensive fleet renewal programmes being planned, newbuilds and retrofits, to meet customers and investors' expectations for green cruising," said Henrik Badin, CEO of Vow ASA.

"Global trends in the circular economy and energy markets, regulation, and economic realities, encourage industry and energy providers to decarbonise. This creates an unprecedented demand and interest for the technologies and solutions that we provide, producing renewable carbon and climate neutral gas at large scale," Badin added.

In the third quarter, Vow established a joint venture with Controlpartner within automation with the aim of developing better digitized control systems, mainly to the Vow group and its many projects and system deliveries. The acquisition of C.H. Evensen was completed 30 March 2022.

The financial results of C.H. Evensen have been included in the Vow group accounts from 1 April 2022 and are reported as part of the Landbased segment.

Key figures – Vow Group

<i>Amounts in NOK million</i>	Q3 2022	Q3 2021	YTD 2022	YTD 2021	2021
Revenues	193.7	97.8	593.6	299.4	454.1
EBITDA before non-recurring items	25.1	8.1	78.4	28.4	41.1
<i>EBITDA before non-recurring items margin</i>	12.9%	8.3%	13.2%	9.5%	9.1%
Order backlog	1 326	1 284	1 326	1 284	1 291

Segments and operational update

Vow ASA is organised in three operating segments: *Projects Cruise*, *Aftersales* and *Landbased*. In addition, the segment *Administration costs* represents costs that are not allocated to the business segments, as the costs are mainly related to headquarter, administration and listing of the Vow group rather than to a specific segment.

Projects Cruise

<i>Amounts in NOK million</i>	Q3 2022	Q3 2021	YTD 2022	YTD 2021	2021
Revenues	82.4	61.7	249.6	211.1	294.2
EBITDA before non-recurring items	18.1	16.7	58.4	55.0	67.9
<i>EBITDA before non-recurring items margin</i>	22.0%	27.1%	23.4%	26.1%	23.1%
Order backlog	839	993	839	993	1 012

Revenues for Projects Cruise came in at NOK 82 million in the third quarter, representing an increase of 33.6 per cent from the same period last year. EBITDA before non-recurring items came in at NOK 18 million in Q3 2022, compared to NOK 17 million in Q3 2021.

At the end of the quarter, the order backlog stood at NOK 839 million, compared with NOK 993 million at the end of third quarter 2021 and NOK 1 012 million at year-end. In addition, the segment recorded NOK 863 million in options and likely deliveries to sister ships. Confirmed contracts and options provide visibility well into 2025/26.

Aftersales

<i>Amounts in NOK million</i>	Q3 2022	Q3 2021	YTD 2022	YTD 2021	2021
Revenues	32.4	13.8	81.6	32.1	51.9
EBITDA before non-recurring items	3.6	-	8.0	-0.6	0.4
<i>EBITDA before non-recurring items margin</i>	<i>11.2%</i>	<i>n.a.</i>	<i>9.9%</i>	<i>n.a.</i>	<i>0.7%</i>

The Aftersales segment reported revenues of NOK 32 million, compared to NOK 14 million in the same period of 2021. While last year's results were impacted by restrictions related to the Covid-19 pandemic, the cruise ships around the world have now resumed normal operations.

The increase in revenue translated into growth in the EBITDA result, which grew from zero in the third quarter 2021 to NOK 4 million for July-September 2022. This resulted in an EBITDA margin of 11.2 per cent in the third quarter of 2022.

As more cruise newbuilds have been delivered with Vow systems in recent years, Vow's addressable market for Aftersales has also increased.

Landbased

<i>Amounts in NOK million</i>	Q3 2022	Q3 2021	YTD 2022	YTD 2021	2021
Revenues	78.9	22.3	262.4	56.2	108.0
EBITDA before non-recurring items	11.9	-4.6	36.7	-13.7	-7.1
<i>EBITDA before non-recurring items margin</i>	<i>15.1%</i>	<i>n.a.</i>	<i>14.0%</i>	<i>n.a.</i>	<i>-6.5%</i>
Order backlog	488	291	488	291	279

In the third quarter of 2022, the Landbased segment reported revenues of NOK 79 million, compared with NOK 22 million in the same period of 2021. The increase was largely driven by deliveries to Vow Green Metal's Follum project.

With the acquisition of C.H. Evensen, Vow has further strengthened the group's foothold, capacities and growth prospects in this segment.

EBITDA before non-recurring items came in at NOK 12 million, compared with a negative of NOK 5 million in the corresponding period of 2021. This translated into an EBITDA margin of 15.1 per cent, compared with a negative EBITDA margin one year earlier. In 2021, profitability was impacted by high activity in sales and marketing, business development and process optimisation to further develop the revenue base and profitability of this business segment.

As of 30 September, the order backlog for the Landbased segment represented NOK 488 million, compared to NOK 291 million at the same time last year and NOK 279 million at the start of the year.

Administration costs and other financials

Administration costs are expenses that are not allocated to the business segments, as they are related to general administration and listing of the Vow Group. This segment had costs of NOK 9 million in the three-month period July-September, compared to NOK 4 million in the third quarter of 2021. For the first nine months of 2022, total administration costs were NOK 25 million, compared with NOK 12 million for the same period last year and NOK 20 million for the full year 2021.

The increase in cost level compared to 2021 reflects the investments made in the organisation to facilitate further growth in all the three operating business segments in the coming years.

There were no non-recurring costs recorded in the third quarter of 2022, compared to NOK 2.2 million in non-recurring costs in the same period last year.

Share information

A total number of 201 001 employee stock options were exercised in September 2022 at a price of NOK 16.74 per share in accordance with the company's employee stock option program. The board of directors decided to use its proxy to issue 201 001 new shares at the exercise price NOK 16.74 to the option holders, as settlement of options exercised. Following the issuance of the new shares, the issued share capital of Vow ASA will be NOK 10 737 621,4385 consisting of 114 840 871 fully paid shares, each with a par value of NOK 0.09350.

Outlook

Vow continues to support its customers in their quest to decarbonise their value chains and become more environmentally sustainable.

The cruise industry continues to grow as cruise liners place new orders. Vow remains confident about the long-term market outlook for its cruise related operations, and these growth prospects are supported by increasing demand for solutions for cleaner oceans.

The global cruise ship fleet has now returned to normal operations. This is also reflected by the increase in our revenue level in the Aftersales segment. As more cruise newbuilds have been delivered with Vow systems in recent years, Vow's addressable market for Aftersales has increased.

Vow is currently in the process of producing and assembling equipment for Vow Green Metals' first biocarbon plant at Follum in Eastern Norway based on Vow's advanced pyrolysis technology. Vow continues to make investments in the Landbased segment, and the acquisition of C.H. Evensen further strengthens the group's foothold and capacities in this segment.

The revenues in Q4 are expected to be in line with Q3 from timing of new contract awards.

Vow does not have any operations in Russia or Ukraine, however development relating to Russia's invasion of Ukraine could adversely affect global and regional economic conditions and trigger volatility in the prices of energy generally. These effects may indirectly affect Vow's operations.

As a provider of world leading technologies that can eliminate pollution, enhance circular economy and mitigate climate change, and with a proven ability to deliver reliable technology at a competitive price, Vow is well positioned to meet the global trends of replacing fossil fuels and turning waste into valuable resources.

For more information, please contact:

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About Vow ASA

Vow and its subsidiaries Scanship, C.H. Evensen and ETIA are passionate about preventing pollution. The company's world leading solutions convert biomass and waste into valuable resources and generate clean energy for a wide range of industries.

Cruise ships on every ocean have Vow technology inside which processes waste and purifies wastewater. Fish farmers are adopting similar solutions, and public utilities and industries use our solutions for sludge processing, waste management and biogas production on land.

With advanced technologies and solutions, Vow turns waste into biogenetic fuels to help decarbonise industry and convert plastic waste into fuel, clean energy, and high-value pyro carbon. The solutions are scalable, standardised, patented, and thoroughly documented, and the company's capability to deliver is well proven. They are key to end waste and stop pollution.

Located at Lysaker outside Oslo, the parent company Vow ASA is listed on the Oslo Stock Exchange (ticker VOW).