

Q1 2022: Vow delivers all-time high

Vow ASA nearly doubled revenues in the first quarter with record-strong EBITDA performance. Activity is gaining momentum across all business segments, and the order backlog remains solid at NOK 1 271 million. In the first quarter, Vow made important steps to meet increased demand for advanced carbon products and CO2 neutral energy, and acquired C.H. Evensen to further position for growth.

Revenues in the first quarter of 2022 came in at NOK 182.5 million, compared with NOK 92.7 million in the same period last year. All segments contributed to the progress, with especially strong, profitable growth from the Landbased segment. In addition, the cruise industry is gaining speed which resulted in improved activity levels for Aftersales and continued strong results within Projects Cruise. EBITDA before non-recurring items was NOK 23.6 million, more than a doubling from NOK 10.2 million in the same period last year, supported by positive and improved profitability in all segments.

In the first quarter, Vow expanded its foothold and capacities in the Landbased segment by acquiring C.H. Evensen, a supplier of technology and solutions for high-temperature industrial processes for industries to lower emissions and improve operational efficiencies. This makes it an excellent match with Vow's pyrolysis-based circular carbon and CO2 neutral energy solutions. The financial results of C.H. Evensen will be included in the Vow Group accounts from 1. April.

The order backlog currently stands at NOK 1 271 million, including around NOK 100 million in C.H. Evensen and orders announced in April, compared with NOK 1 291 million at year-end and NOK 969 million at the end of the first quarter last year. In addition to the firm backlog, shipowners have placed options on the newbuild series being equipped with Scanship systems amounting to NOK 838 million in likely future revenues related to the Projects Cruise segment.

"It is great to see that the majority of 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.

Key figures – Vow Group

<i>Amounts in NOK million</i>	Q1 2022	Q1 2021	2021
Revenues	182.5	92.7	454.1
EBITDA before non-recurring items	23.6	10.2	41.1
<i>EBITDA before non-recurring items margin %</i>	12.9%	11.0%	9.1%
Order backlog	1 271	969	1 291

Segments and operational update

Vow ASA is organised and report in three operating segments: Projects Cruise, Aftersales and Landbased. Projects Cruise and Aftersales comprise the Scanship business. The Landbased segment is based on the ETIA operations and specific landbased operations in Norway.

Projects Cruise

<i>Amounts in NOK million</i>	Q1 2022	Q1 2021	2021
Revenues	86.3	68.7	294.2
EBITDA before non-recurring items	21.1	18.1	67.9
<i>EBITDA before non-recurring items margin %</i>	24.4%	26.3%	23.1%
Order backlog	944	936	1 012

Projects Cruise delivered solid progress in both revenues and EBITDA before non-recurring items in the first quarter this year. Revenues came in at NOK 86.3 million, representing an increase of 26 per cent from the same period last year. The result is a result of strong performance by the team, streamlining deliveries and efficiency effects from replications.

At the end of the quarter, the order backlog stood at NOK 944 million, including contracts awarded in April, compared with NOK 1 012 million at year-end and NOK 936 million at the end of first quarter 2021. In addition, the segment recorded NOK 838 million in options and likely deliveries to sister ships. Confirmed contracts and options provide visibility well into 2025/26.

In April, Vow subsidiary Scanship AS secured an order for delivery of its advanced wastewater purification, food waste processing and garbage handling system to a newbuild cruise ship. The contract is valued at EUR 3.5 million. The ship which will be built at an undisclosed European shipyard for an unnamed cruise operator, will enter into service in 2025, and Scanship will deliver all equipment under this contract starting in mid-2023. The agreement includes an option to deliver a similar system to a second ship in the same series.

Aftersales

<i>Amounts in NOK million</i>	Q1 2022	Q1 2021	2021
Revenues	20.5	7.3	51.9
EBITDA before non-recurring items	1.0	0.3	0.4
<i>EBITDA before non-recurring items margin %</i>	4.9%	4.1%	0.7%

The Aftersales segment close to tripled its revenue from last year's low activity levels as cruise operations continued to resume as Covid-19 restrictions ease in key markets. At NOK 20.5 million in the first quarter of 2022, revenue is still around two-thirds of pre-covid level. The installed base has also increased with 13 % since 2019, laying the foundation for even further growth.

The increase in revenue translated into growth in the EBITDA result, which grew from NOK 0.4 million for the full year 2021 to NOK 1.0 million in the first three months of 2022. This gave an EBITDA margin of 4.9 per cent in the first quarter of 2022.

With more newbuilds coming into service, market for Aftersales is expected to grow, and likely surpass previous levels, since Vow's installed base has increased.

Landbased

<i>Amounts in NOK million</i>	Q1 2022	Q1 2021	2021
Revenues	75.7	16.8	108.0
EBITDA before non-recurring items	8.5	-4.4	-7.1
<i>EBITDA before non-recurring items margin %</i>	11.2%	-26.2%	-6.5%
Order backlog	327	33	279

Revenue growth from the Landbased segment accelerated and reached an all-time high level of NOK 75.7 million, compared with NOK 16.8 million one year earlier, largely driven

by deliveries to Vow Green Metal's Follum project. Production of equipment for Follum continues as planned for delivery later this year.

EBITDA before non-recurring items came in at NOK 8.5 million, compared with a negative of NOK 4.4 million in the corresponding period of 2021. This translated into an EBITDA margin of 11.2 per cent, compared with a negative EBITDA margin of 26.2 per cent one year earlier.

In February 2022, Vow ASA announced that it is joining forces with a global non-ferrous metal producer and Norway's Vow Green Metals AS in a move which could eventually lead to the construction of large biocarbon production facilities, initially five times larger than the one currently built at Follum, where technology will be supplied by Vow ASA, and owned and operated by Vow Green Metals.

As a first step outlined in a letter of intent (LoI), the non-ferrous metals producer, Vow Green Metals, and Vow have agreed to undertake a joint feasibility study to evaluate the potential of developing an advanced and commercially competitive biocarbon product for the undisclosed client.

Also in February, Europe's second largest gas distributor, GRTgaz of France, and Vow subsidiary ETIA marked production start of a demo plant built to confirm that CO2 neutral pyrolysis gas can replace fossil gas in the European gas grid.

In the first quarter, Vow acquired C.H. Evensen, a supplier of technology and solutions for high-temperature industrial processes for industries to lower emissions and improve operational efficiencies. C.H. Evensen will in 2022 build a large-scale pyrolysis reactor, which will produce clean energy from biomass. C.H. Evensen will be consolidated in the Vow Group accounts from second quarter 2022.

After quarter-end, C.H. Evensen secured a contract to deliver a gas heated galvanizing furnace to Otto Lehmann GmbH in Germany. The contract is valued at around EUR 1.2 million. Delivery is scheduled for fourth quarter this year. In addition, a contract was secured to deliver a preheating furnace to an undisclosed aluminium producer for a contract value at around EUR 1.3 million.

Administration costs and other financials

Administration costs are costs that are not allocated to the business segments, as the costs are more related to general administration and listing of the Vow Group. The costs for this segment for the first three months of 2022 were NOK 7.0 million, compared with NOK 3.8 million for the same period last year and NOK 20.1 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.

In addition to the costs above the group has recorded non-recurring costs of NOK 1.9 million in the first quarter of 2022, primarily related to the acquisition of C.H. Evensen.

On 30 March 2022, Vow ASA finalised the repurchase of shares under the share buy-back programme which was announced 15 March 2022. The programme was carried out by SpareBank 1 Markets AS. The total programme comprised 1,000,000 shares repurchased in the market for a total consideration of NOK 21,765,251. Following the completion of the above transactions, VOW ASA owns a total of 1 000 000 of own shares, corresponding to 0.87 % of Vow ASA's share capital.

Sustainability reporting

Vow recently published its Annual and Sustainability report for 2021. The report is available on www.vowasa.com in addition to other information on the work being done within sustainability and sustainability reporting.

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.

It is expected that the global cruise ship fleet will return to normal operations in 2022. As an increasing share of cruise ships are delivered with Vow systems, the aftersales market is growing.

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.

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.

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.

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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).