

Q1 2023: Continuing profitable growth, record high tendering activity in new markets

Oslo, 9 May 2023 – Vow ASA reported revenues of NOK 235.7 million in the first quarter, representing a 29.2 per cent increase from the same period last year. The EBITDA margin remained strong at 11.0 per cent. High activity in all segments contributed to the profitable growth. The order backlog remains solid at NOK 1 226 million.

The Group reported revenues of NOK 235.7 million in the first quarter of 2023, compared to NOK 182.5 million in the first quarter last year. The business segment formerly called Projects Cruise has now changed name to Maritime Solutions, and the segment formerly called Landbased has changed name to Industrial Solutions.

All segments contributed to the progress, with especially strong revenue growth in the Aftersales segment, close to doubling the revenue level from the first quarter last year. The C.H. Evensen operations represented NOK 21 million of the revenue increase in the first quarter, being included in the Vow group from 1 April 2022. In addition, there was high activity on deliveries to cruise newbuilding projects, which resulted in a revenue growth within Maritime Solutions of 33 per cent compared to the same period last year.

EBITDA before non-recurring items was recorded at NOK 26.0 million in the first quarter of 2023, representing an EBITDA margin of 11.0 per cent. This compares to NOK 23.6 million and an EBITDA margin of 12.9 per cent in the same period last year. The EBITDA margin for the Group was 10.2 per cent in the second half of 2022.

The order backlog currently stands at NOK 1 226 million, compared with NOK 1 271 million one year earlier and NOK 1 190 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 929 million in likely future revenues related to the Maritime solutions segment.

"The cruise industry shows no sign of slowing down, and with the strong order backlog we have in Projects and recurring business in Aftersales, this business will continue to play a key role in Vow, generating revenues that we will convert to profits and cash," said Henrik Badin, CEO of Vow ASA.

"On land, the race continues for carbon-neutral technology and solutions in industry and energy production, carbon sequestration and circular solutions for various raw materials.

These trends create strong and increasing demand for our solutions, which are further strengthened by policy and fiscal stimuli, such as the Inflation Reduction Act in the US and similar policies that are currently being considered in Europe,” Badin added.

During the quarter, Tina Tønnessen was appointed Chief Financial Officer effective from 1 May 2023. She succeeds Erik Magelssen, who decided to leave the company to pursue new opportunities. Erik Magelssen will remain part of the Vow team until the end of June to ensure an orderly transition.

Key figures – Vow Group

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 Industrial solutions segment.

<i>Amounts in NOK million</i>	Q1 2023	Q1 2022	2022
Revenues	235.7	182.5	782.8
EBITDA before non-recurring items	26.0	23.6	92.2
<i>EBITDA before non-recurring items margin %</i>	11.0 %	12.9%	11.8%
Order backlog	1 226	1 271	1 190

Segments and operational update

Vow ASA is organised in three operating segments: Maritime solutions, Aftersales and Industrial solutions. 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.

Maritime solutions

<i>Amounts in NOK million</i>	Q1 2023	Q1 2022	2022
Revenues	115.1	86.3	358.6
EBITDA before non-recurring items	22.7	21.1	76.9
<i>EBITDA before non-recurring items margin %</i>	19.7%	24.4%	21.4%
Order backlog	710	944	749

Revenues for Maritime solutions came in at NOK 115.1 million in the first quarter, representing an increase of 33.4 per cent from the same period last year. The increase is

driven by high activity on deliveries to cruise newbuilding projects in the period. EBITDA before non-recurring items came in at NOK 22.7 million, compared to NOK 21.1 million in the prior-year period. The EBITDA margin reported for the period at 19.7 per cent, is slightly higher than the margin reported in the second half of 2022 at 19.1 %.

At the end of the quarter, the order backlog stood at NOK 710 million, compared with NOK 944 million at the end of the first quarter of 2022 and NOK 749 million at year-end. In addition, the segment recorded NOK 929 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>	Q1 2023	Q1 2022	2022
Revenues	38.2	20.5	119.9
EBITDA before non-recurring items	5.7	1.0	14.0
<i>EBITDA before non-recurring items margin %</i>	14.9%	4.9%	11.7%

The Aftersales segment reported revenues of NOK 38.2 million, compared to NOK 20.5 million in the same period of 2022. During 2022, the global cruise ship fleet returned to normal operations, which is reflected in the solid uplift in revenue from the Aftersales segment.

The increase in revenue translated into growth in the EBITDA result, which grew from NOK 1.0 in the first quarter of 2022 to NOK 5.7 million in the same period in the current year. This resulted in an EBITDA margin of 14.9 per cent in the first quarter of 2023, compared with 4.9 per cent one year earlier.

Industrial solutions

<i>Amounts in NOK million</i>	Q1 2023	Q1 2022	2022
Revenues	82.4	75.7	304.3
EBITDA before non-recurring items	9.7	8.5	37.7
<i>EBITDA before non-recurring items margin %</i>	11.8%	11.2%	12.4%
Order backlog	516	327	441

In the first quarter of 2023, the Industrial solutions segment reported revenues of NOK 82.4 million, compared with NOK 75.7 million in the same period of 2022. With the

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

EBITDA before non-recurring items came in at NOK 9.7 million, compared with NOK 8.5 million in the corresponding period of 2022. This translated into an EBITDA margin of 11.8 per cent, compared with 11.2 per cent for the same period last year and 10.7 % reported for the second half of 2022.

During the quarter, C.H. Evensen secured several contracts to a total value of NOK 39 million, building the order backlog for delivery in coming periods. In addition, ETIA Ecotechnologies received orders for a total of three Safesteril food safety systems to a combined value of EUR 2.0 million. An agreement was also made for the sale of a 2 500 tonnes biocarbon production facility from Vow ASA to Vow Green Metals AS.

As of 31 March, the order backlog for the Industrial solutions segment represented NOK 516 million, compared to NOK 327 million at the same time last year and NOK 441 million at the start of the year.

After quarter-end, ETIA received two purchase orders from a large Japanese corporation for advanced pyrolysis equipment, which will be used for treatment of sewage sludge. The combined value is EUR 2.9 million.

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 12.1 million in the first three months of this year, compared to NOK 7.0 million in the first quarter of 2022. The cost level in the first quarter this year is in line with the cost level reported in the fourth quarter last year of NOK 11.6 million.

The increase in cost level from the start of 2022 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 first quarter of 2023. In the same period last year, NOK 1.9 million were recorded as non-recurring costs, being costs related to the acquisition of C.H. Evensen.

Outlook

Vow continues to support its customers in their quest to recycle valuable resources from waste, decarbonise their value chains and become more environmentally sustainable.

During 2022, the global cruise ship fleet has returned to normal operations. This is reflected by the strong increase in our revenue level in the Aftersales segment. At the same time newbuild activity in cruise remains high, and Vow continues to deliver more newbuild and retrofit projects in cruise. The order backlog provides good visibility for revenues well into 2025/26. Moreover, Vow's addressable market for Aftersales has increased as more cruise newbuilds have been delivered with Vow systems in recent years.

In Norway, Vow is currently in the process of producing and assembling equipment for Vow Green Metals' first biocarbon plant based on Vow's advanced pyrolysis technology Biogreen. The two companies have also made an agreement regarding the sale of a 2 500 tonnes biocarbon production facility from Vow to Vow Green Metals. Vow continues to make investments in the Industrial solutions segment, and the acquisition of C.H. Evensen further strengthens the group's foothold capacities and growth prospects in this segment.

With the Vow Green Metals Follum project and the large-scale pyrolysis reactor now being built by C.H. Evensen, Vow is positioned as a supplier of large capacity pyrolysis systems to industries. As a result of this positioning, Vow is now experiencing increased demand for large industrial scale pyrolysis projects. The large contract awarded in May 2022 in the US and the partnership with ETEL announced in December are also results of this new demand.

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 green industry transition and turning waste into valuable resources. The company's proven ability to deliver technology at industry scale has meant a significant shift. The company is now attracting broad interest for its solutions from leading industrial groups across the US, Latin America, Europe and in the Nordic countries.

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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.

Advanced technologies and solutions from Vow enable industry decarbonisation and material recycling. Biomass, sewage sludge, plastic waste and end-of-life tyres can be converted into clean energy, low carbon fuels and renewable carbon that replace natural gas, petroleum products and fossil carbon. The solutions are scalable, standardised, patented, and thoroughly documented, and the company's capability to deliver is well proven.

The company is a cruise market leader in wastewater purification and valorisation of waste. It also has strong niche positions in food safety and robotics, and in heat-intensive industries with a strong decarbonising agenda.

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