

# HALF-YEAR REPORT

Second Half of 2023

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Vow Green Metals



# Content

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Vow Green Metals is on a mission to accelerate the world's transition to renewable materials by offering viable green alternatives to replace fossil materials in the metallurgical industry.

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Spearheading the development of a rapidly growing biocarbon industry

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# ABOUT VOW GREEN METALS

# Spearheading the development of a rapidly growing biocarbon industry.

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Vow Green Metals' strategy is to be a leading producer of biocarbon and other carbon neutral products that enables the green transition in hard-to-abate industries. We are on a mission to accelerate the world's transition to renewable materials by offering green alternatives to replace fossil reduction agents in the metallurgical industry. The core of our business is to build, own and operate biocarbon production plants using state-of-the-art pyrolysis technology to turn biomass and biomass waste-streams into our core product, biocarbon. With our standardized solutions, unique access to proprietary technology, and a growing global pipeline of projects, we are upholding our first mover position in a growing market where speed and scale will be determining factors.

## Building a Profitable Business while Meaningfully Reducing Emissions

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Leading producer of advanced biocarbon and other green products enabling low-cost renewable production at scale for the metallurgical industry

## Market Leader in a Rapidly Growing Market

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First-mover advantage with growing global pipeline of prospects and projects a 600,000 tons of biocarbon

## Proven Technology and Standardized Factory Modules in Place

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Secured IP rights to standardized plant architecture and biocarbon factory modules and unique access to proprietary technology

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# HIGHLIGHTS – SECOND HALF 2023



## 2- HIGHLIGHTS – SECOND HALF 2023

### Second half 2023

- Major milestones reached in all key projects:
- **The early production line at Hønefoss:** First biocarbon successfully produced in November
  - **Hønefoss large-scale phase 1 and 2 (20,000 tons in total):**
    - Engineering of the large-scale plant to fit process equipment for both phases in one construction stage completed
    - The infrastructure part of the project and related excavation work was completed in December
    - Additional agreement for the delivery of pyrolysis technology signed with technology partner, Vow ASA. New total contract value is NOK 332 million.
  - **Viken Park (30,000 tons):** Project moving forward according to plan with the commencement of a pre-study for a plant with potential production capacity of 30,000 tons
- Governmental enterprise Siva will invest NOK ~152 million in Vow Green Metals' large-scale biocarbon production at Hønefoss with the signing of a forward contract for the purchase of buildings and infrastructure, and related leaseback agreement
- Regional energy producer Vardar committed to a strategic investment of NOK 100 million in Vow Green Metals split equally between the project company for the local large-scale project at Hønefoss and the listed parent company
- NOK 7,841,779 of the ENOVA grant was drawn in July 2023 (NOK 34,422,711 remaining for the large-scale facility at Hønefoss under the ENOVA grant)
- Drop-down demerger of the Hønefoss Business into a wholly owned Vow Green Metals subsidiary, named VGM Operatør AS completed, and registered at Brønnøysund on 17 October 2023
- Jan Halvard Aas Møller was appointed new CFO of Vow Green Metals in December 2023, effective from February 2024
- Vow Green Metals is continuing to build its organization as the Company is entering operational phase. The company has strengthened its metallurgical competence with two new hires and bolstered the Company's ability to develop projects and maintain efficient operations of its plants with four new hires including operative staff and managing director of biocarbon projects in Norway

### Subsequent events:

- Long-term supply agreement for the annual delivery of 15,000 tons of biocarbon signed with Elkem 4 January 2024

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# FINANCIAL REVIEW



## 3 – FINANCIAL REVIEW

### Key Figures

<i>(Amounts in KNOK)</i>	Unaudited 2H-2023	Unaudited 2H-2022	Unaudited 2023	Audited 2022
<i>Statement of income</i>				
EBITDA	(14,525)	(10,721)	(23,906)	(17,415)
Profit for the period	(16,423)	(10,528)	(25,967)	(17,371)
<i>Balance sheet</i>				
Total non-current assets			136,817	88,100
Total current assets			46,354	43,562
<b>Total assets</b>			<b>183,171</b>	<b>131,663</b>
Total equity			99,974	125,884
Total non-current liabilities			50,575	191
Total current liabilities			32,623	5,588
<b>Total equity and liabilities</b>			<b>183,171</b>	<b>131,663</b>

### Financial review second half 2023

- Vow Green Metals recorded an operating loss (EBITDA) for second half 2023 of KNOK 14,525. The operating loss is related to employee- and other operating expenses.
- Expenses for salary, social security tax, and pension cost for second half 2023 amounted to KNOK 12,017, of which KNOK 5,010 of employee expenses was capitalized under assets under construction.
- Other operating expenses for second half 2023 amounted to KNOK 7,518 and consists of legal, audit and consulting fees, as well as other administrative expenses and shared services with Vow ASA.
- Profit before tax for 2023 ended with a net loss of KNOK 25,967.
- Total non-current assets as of 31 December 2023 were KNOK 136,817 and consist mainly of the ordering of Process equipment for the Hønefoss plant, offset by drawdown under the Enova grant.
- Total assets were KNOK 183,171 with a cash position of KNOK 41,323.
- Total equity of KNOK 99,974 (Equity ratio of 55%).
- Total equity and liabilities as of 31 December 2023 was KNOK 183,171 and includes the Vardar agreement of KNOK 50,000.



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# OPERATIONAL REVIEW AND OUTLOOK

## 4 – OPERATIONAL REVIEW AND OUTLOOK

Vow Green Metals made good progress in the second half of 2023 with the completion of cold and hot commissioning of the Company's early production line at Hønefoss. A significant milestone was reached in November, when the Company produced its first batch of biocarbon from the early production line as part of the commissioning process. Vow Green Metals has also started the operational work on the first and second phase of the main project at Hønefoss, following the decision to integrate both phases in one construction stage to cut cost. In 2023, Vow Green Metals also announced a new key project at Viken Park in Eastern Norway – a large-scale 30,000 tons biocarbon production facility, which is progressing according to plan and has entered pre-study phase after a successful feasibility study.



*Vow Green Metals' early production line will enter operations and ramp up the production in the first quarter of 2024*

### **Early production line – in operation in the first quarter of 2024**

With its production capacity of 2,500 tons, the early production line will accelerate Vow Green Metals' commercial operations by enabling the company to deliver industrial volumes of biocarbon to established partners and provide product samples to mature new markets and relationships with industrial offtakers. The early production line employs a Biogreen pyrolysis reactor, which operates solely on electric power. This is the same technology that will be installed in the first phase of the Company's large-scale plant at Hønefoss. Vow Green Metals is expecting to have its early production line in operation in the first quarter of 2024, after a period of cold and hot commissioning, testing and identifying improvements which will reduce the cost and lead-time of future projects. The Company expects to ramp-up the production capacity over the following months.



*First test-batch of biocarbon successfully produced at the early production line in November 2023*

### **Hønefoss first phase (10,000 tons of production capacity)**

In close cooperation with Treklyngen Industripark and other partners co-located at the industrial park at Hønefoss,

Eastern Norway, Vow Green Metals is building a large-scale biocarbon facility, set to become one of Europe's largest. The first phase of the biocarbon facility will have an annual production capacity of 10,000 tons of biocarbon.



*Excavation work conducted by local entrepreneur in October 2023.*

The project is forging ahead with the selection of preferred suppliers of process installation and civil works. Civil works is projected to commence in the beginning of the second quarter of 2024, followed by process installation in the second half of the same year. The local entrepreneur, Strand og Enger, was awarded the contract for infrastructure development, and the project was successfully completed in December in collaboration with Treklyngen Industripark and different parties located in the industrial area, providing a good foundation for further collaboration to e.g. utilize excess heat. Vow Green Metals expects to receive an operation permit from the Norwegian Environment Agency by the end of the first quarter 2024.

### **Hønefoss second phase (20,000 tons of production capacity)**

Vow Green Metals is planning to do a phased development of the large-scale

facility at Hønefoss, with a doubling of the production capacity from 10,000 to 20,000 tons. In the second phase, the Company plans to use a large-scale pyrolysis reactor from Vow ASA and its subsidiary, C.H. Evensen. This technology is well-suited for large-scale production of biocarbon. The technology offers a hybrid-energy solution, providing additional flexibility as it can run on both gas and on electricity. In addition, the C.H. Evensen reactor is largely self-sufficient with power as it can run on the bioenergy it produces in the process of producing biocarbon. Consequently, the second phase expansion of the Hønefoss project does not depend on an expansion in the power grid capacity in the area. In the second half of 2023 Vow Green Metals decided to do engineering of the large-scale plant to fit the additional process equipment related to the second phase into the buildings related to the first phase of the project. The decision resulted in combining all civil works into one construction stage.



*Infrastructure was completed in December 2023, connecting the local district heating company, Vardar Varme to the production plant.*

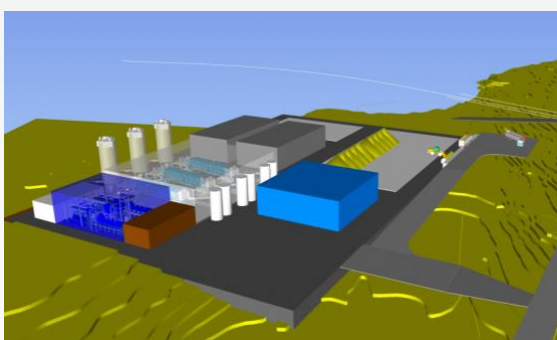
## Viken Park (30,000 tons of production capacity)

In February 2023, Vow Green Metals and Viken Park, a large upcoming industrial park in Eastern Norway, signed a Letter of Intent (LoI) to collaborate on developing a biocarbon production facility at the industrial park. The biocarbon production plant will supply the Viken Park area with bioenergy while producing biocarbon and bio-oil for industrial use, making it a key project in ensuring zero emissions industries at the industrial park.



*The Viken Park Concept*

Following a successful feasibility study of the project, a pre-study for a plant with potential production capacity of 30,000 tons of biocarbon commenced in August. The project is progressing according to plan and the pre-study phase will be completed in the second quarter of 2024.



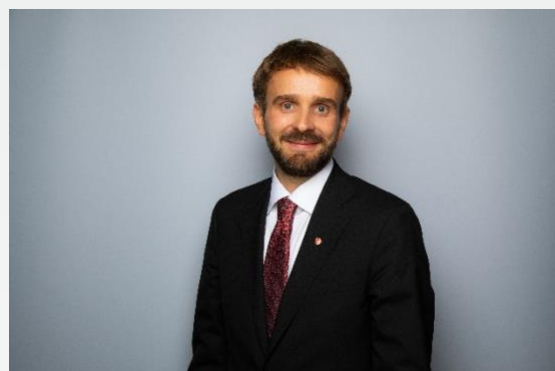
*Viken Park: Preliminary 3D layout of the plot*

The regulatory plan for the area has been processed in Fredrikstad municipality and is currently out for consultation. As an important step to mature the project, Vow Green Metals has entered several strategic partnerships with the signing of Letter of Intent for feedstock and CCU and energy

offtake for the large-scale production facility at Viken Park.

### Forming key partnerships

Vow Green Metals formed several key partnerships in the second half of 2023. Most notably, the signing of agreements with governmental enterprise, Siva, and the signing of strategic investment made by regional energy producer, Vardar. Total value of the contracts signed with the two partners amounts to approximately NOK 252 million and will further accelerate the Company's industrial progress. Vardar will invest in both the listed parent company, Vow Green Metals AS, and VGM Operatør AS, a wholly owned subsidiary of Vow Green Metals, holding all assets, rights and obligations related to the large-scale biocarbon production facility at Hønefoss. The investment of NOK 100 million is equally split between the two companies.



*"This is the starting point for the scaling of a new green industry," said the Norwegian Minister of Trade and Industry, Jan Christian Vestre, commenting on the signed agreement between Vow Green Metals and Siva.*

Furthermore, Siva will invest NOK ~152 million in Vow Green Metals' large-scale project at Hønefoss with the signing of a forward contract for the purchase of buildings and infrastructure, including a leaseback agreement related to the project. The Norwegian Minister of Trade and Industry, Jan Christian Vestre, referred to the collaboration between Vow Green Metals and Siva as "... the starting point for the scaling of a new green industry".

### Building the organization

Vow Green Metals is continuing to build its organization and recruiting key personnel to further strengthen the organization with operational staff, management and support functions.



*Jan Halvard Aas Møller appointed CFO*

In December, the company appointed Jan Halvard Aas Møller as new CFO of Vow Green Metals. The Company also strengthened its metallurgical competence, project execution expertise and operational capabilities through several new hires throughout the fall of 2023.



### Business development

Vow Green Metals has a total of 18 potential projects in its pipeline, in addition to the large-scale production facility under development at Hønefoss. Several projects have matured during the last months. The current project pipeline has been high-graded and new opportunities have been added. The total annual biocarbon production capacity in the pipeline amounts to approximately

620,000 tons. Our production process produces a significant amount of excess energy, and the majority of these projects are intended to be done in collaboration with large energy consumers which can be energy off-takers.

### Risk and uncertainties

Vow Green Metals is exposed to several risks, and the Board and executive management are continuously monitoring the Company's risk exposure, working to improve its internal control processes and mitigation efforts. For a further description of the risk factors, please see an overview in the annual report for 2022, published on 27 April 2023. The report can be found here:

[www.vowgreenmetals.com/investors/results-and-presentations](http://www.vowgreenmetals.com/investors/results-and-presentations)



### Outlook

Throughout the fall of 2023 Vow Green metals experienced a significant increase in the interest for biocarbon from metallurgical companies, and other industries. In November Finnish stainless-steel giant, Outokumpu, acquired 20 percent of the shares in Swedish biocarbon producer Envigas – an agreement which also secured Outokumpu the right to 50 percent of Envigas' biocarbon production. In January 2024 Vow Green Metals signed a long-term supply agreement for 15,000 tons of biocarbon with Elkem, one of the world's leading providers of advanced silicon-

based materials. Vow Green Metals is in dialogue with several metallurgical companies that are actively seeking to secure access to significant volumes of biocarbon, demonstrating that the market for biobased reduction agents for the metallurgical industry is commercially mature.



*The VGM technical and operations team visiting Envigas' production facility in Bureå, Sweden, in November*

Several key metallurgical companies have set clear ambitions to do a significant transition from fossil to biobased production. Elkem has stated that it aims to replace 40 percent of its fossil coal consumption with biocarbon by 2031. Ferroglobe and Wacker have set similar targets, with the aim to reduce emissions with 30 and 50 percent respectively 2030.

Since the launch of the European Green Deal in 2019, the metallurgical industry has increasingly been recognized as one of the most important strategic capacities of Europe, but at the same time as one of the most challenging sectors to decarbonize. In this context, the Company expects to see enhanced demand for biocarbon as a solution to decarbonize Europe's traditional metallurgical industry. As coal is phased out as an energy source, it will become increasingly difficult to source high-quality coal needed for metal production. At the same time, the green transition and other macro trends, like the rise of the middle class worldwide, are creating a pull in demand for sustainable metal-based materials to be used in

transportation and electronics, and silicon-based renewable technologies, such as solar PV.

The EU ETS rose significantly through 2022 and has continued on high levels in 2023 but have had a higher volatility since then and currently finds itself on lower levels above 60 EUR per ton. In its Global Energy and Climate Model, the International Energy Agency (IEA) projects an average price of 250 USD per ton of CO<sub>2</sub> in advanced economies by 2050. The European Carbon Border Adjustment Mechanism (CBAM) is intended to complement the EU Emissions Trading System (EU ETS) and ensure that imported goods are subject to the same emissions prices as products produced within the EU. As the cost of using fossil reduction agents increase in line with the EU ETS, the price for biocarbon will continue to be even more competitive. The same is true for the Company's other products, bio-oil and bioenergy where Vow Green Metals is experiencing increased interest from potential offtakers from several industries.

Vow Green Metals is relying on its ability to source vast amounts of feedstock and is supported by favorable regulatory tailwinds. Renewable Energy Directive III (RED III) is one of the cornerstone legislations of the Fit for 55 package which aims to ensure that climate and energy policy is fit to meet the EU's emissions reduction target of at least 55 percent by 2030. On 30 March 2023, the co-legislators reached an agreement, which strengthens the sustainability criteria for biomass used for energy by legally stating that woody biomass should be used according to its highest economic and environmental added value. This promotes the recovery of wood waste for biocarbon production, which will be an enabler for expanding Vow Green Metals' biocarbon production facilities in Europe in the coming years.

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# ENVIRONMENTAL, SOCIAL AND GOVERNANCE

## 5 – ENVIRONMENTAL, SOCIAL AND GOVERNANCE

Vow Green Metals has high ambitions within the area of sustainability. As the business grows, the Company's efforts within this area will be progressed further to match the ambitions within the field. Vow Green Metals' business is climate friendly at the core, as the Company paves the way for increased biocarbon supply to the metallurgical industry, enabling large-scale decarbonization of this critical hard-to-abate industry. The company is also producing bio-oil and bioenergy which can replace fossil alternatives in many industries. Alongside progressing its core activities, Vow Green Metals promotes responsible business practices with respect to both the environment, people, and society. This means that the company works systematically on issues such as HSE (Health, safety and environment), non-discrimination, human and labour rights, anti-corruption, responsible sourcing, and responsible marketing practices. The Company respects fundamental human rights as described in international human rights conventions such as the UN Convention on Human Rights and the labour rights conventions of the International Labour Organization (ILO). To promote responsible business practices throughout the value chain, Vow Green Metals is facilitating good dialogue with its stakeholders.



### Accelerating the green shift

Vow Green Metals is on a mission to accelerate the world's transition to

renewable materials by offering viable green alternatives to replace fossil materials in the metallurgical industry. This industry accounts for close to ten percent of global CO<sub>2</sub> emissions and is recognized as a hard-to-abate industry. Sourcing biocarbon is one of few viable solutions to decarbonize this industry. In some industry verticals, biocarbon is the only available and viable option to decarbonize. Vow Green Metals enables the metallurgical industry to join the green transition and achieve CO<sub>2</sub> neutrality by replacing fossil carbon with biocarbon derived from biomass and biomass waste streams such as wood waste and demolition wood.





## UN Sustainable Development Goals

The United Nations' Sustainable Development Goals (SDGs) are a global call of action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity. Vow Green Metals recognizes the importance of all 17 SDGs

and aspires to contribute to all of them. Anchored in the Company's core business and corporate strategy, Vow Green Metals naturally prioritizes and puts special emphasis on the following four SDGs:



### SDG 7 Affordable and clean energy

Vow Green Metals' circular biocarbon process produces significant amounts of clean energy, which can help decarbonize several industries, or be re-used in the Company's biocarbon production process.



### SDG 9 Industry, innovation, and infrastructure

Vow Green Metals is leading the way in building a biocarbon industry which enables the metallurgical industry to replace fossil reduction materials with valuable biocarbon in their metal making processes



### SDG 12 Responsible consumption and production

With our environmentally friendly and circular biocarbon production process, we add value to the biomass life cycle, and thus we are enhancing circular economy. We also use SDG 12 as guidance in our procurement practices.



### SDG 13 Climate action

We are producing biocarbon and other green products to combat climate change by enabling hard-to-abate industries to decarbonize their production processes

## Health, safety and environment (HSE)

Vow Green Metals works actively with health, safety, and environment (HSE). The Company is ramping up operations of the early production line at Hønefoss, Eastern Norway, which calls for an increased focus on HSE. Vow Green Metals is committed to comply with strict health and safety standards and is focusing on building a strong HSE culture within the organization to ensure the highest quality and safety standards. Vow Green Metals aims to be an attractive workplace, where the individual employee can use their skills and abilities.

The Company's target is to ensure that no serious accidents occur in relation to its operations. All employees shall have a good physical, psychosocial and organizational working environment, which is better or at least as good as other companies within the same industry. Vow Green Metals aspires to be among the leaders in the industry when it comes to ensuring the least possible negative impact on the environment.

The Company has good internal controls with a systematic, well-documented and targeted approach to HSE with the purpose of preventing undesirable incidents and ensuring a good working environment, low absence due to illness rate, good profitability, and keeping emissions to a minimum. The Company has strict requirements for HSE in selecting various suppliers. In 2023, absence due to illness was 0.7 percent. Which is well below the Company's 5 percent target.



Vow green Metals has established clear targets for its HSE efforts, laid down in the Company's HSE handbook:

- No injuries or accidents of any kind
  - Injuries with absence = 0 per calendar year
  - Injuries without absence < 5 per calendar year
- Sickness leaves below 5 percent
- The work tasks shall be meaningful, and we must have a productive working environment
- Processing of deviation reports and improvement proposals shall be completed within 30 days
- Waste sorting rate > 80 percent

## Diversity and equal opportunities

The Company is working to prevent discrimination and to ensure equal opportunities for its employees regardless of gender, age, ethnicity, religion, belief,

disability, pregnancy, parental leave, care responsibility, sexual orientation, gender identity, gender expression, or combinations of these grounds.

## GENDER COMPOSITION

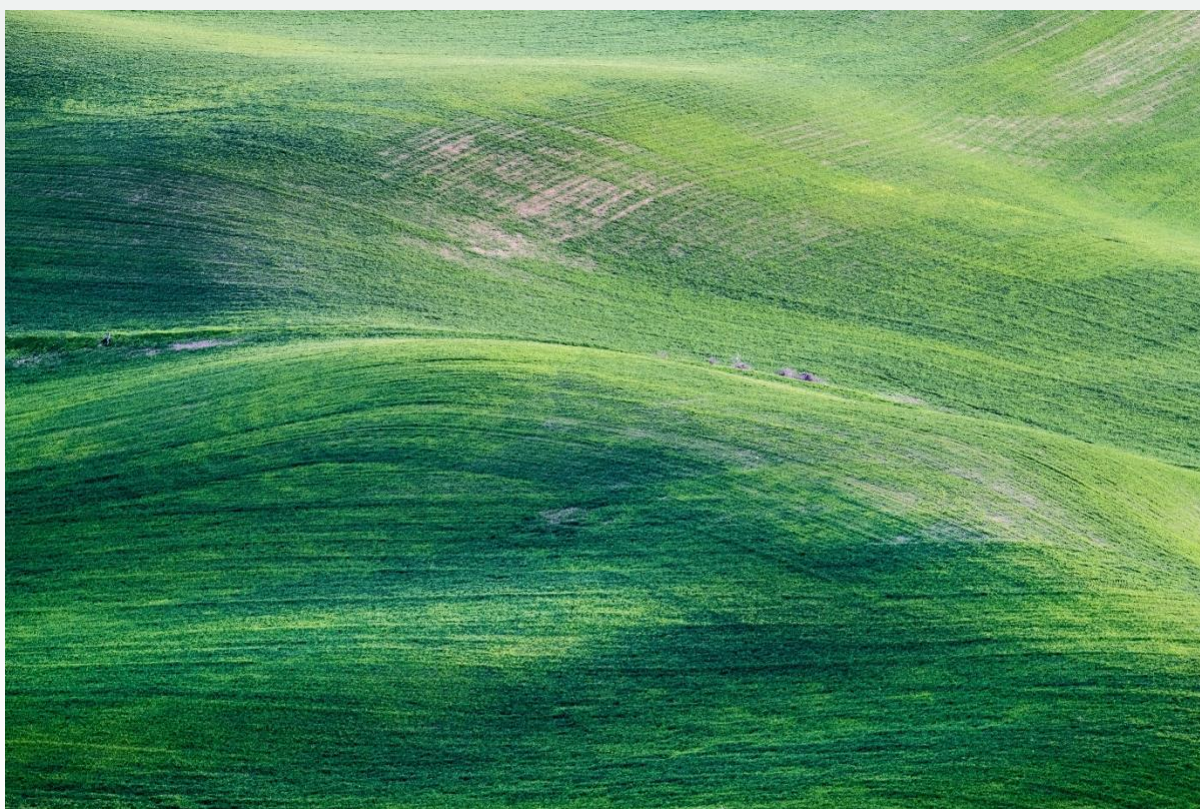
As of 31 December 2023, the Company had 13 employees, of which 4 women.

The board of Vow Green Metals AS consists of 4 persons, of which 3 are women.

## OUR APPROACH TO SUSTAINABILITY

With high ambitions within the area of sustainability, Vow Green Metals is committed to develop its approach to this important area as the business grows. The Company's efforts within the sustainability area will be progressed further in 2024.

The Company will continue its efforts to get its policy framework in place to ensure that the sustainability work is implemented widely in the business.



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# FINANCIAL STATEMENTS SECOND HALF 2023

## 6 – FINANCIAL STATEMENTS SECOND HALF 2023

### Profit and loss

#### CONSOLIDATED STATEMENT OF INCOME

<i>(Amounts in 1000 NOK)</i>	<i>Note</i>	<b>Unaudited H2 2023</b>	<b>Unaudited H2 2022</b>	<b>Unaudited 2023</b>	<b>Audited 2022</b>
Employee expenses	2	(7,007)	(6,662)	(9,442)	(10,136)
Other operating expenses	3	(7,518)	(4,058)	(14,464)	(7,278)
<b>EBITDA</b>		<b>(14,525)</b>	<b>(10,721)</b>	<b>(23,906)</b>	<b>(17,415)</b>
Depreciation and amortisation	9, 10, 12	(640)	(138)	(785)	(270)
<b>EBIT</b>		<b>(15,165)</b>	<b>(10,859)</b>	<b>(24,691)</b>	<b>(17,685)</b>
Finance income		1	343	1	343
Finance expense	7	(1,260)	(12)	(1,277)	(29)
<b>Net financial items</b>		<b>(1,259)</b>	<b>331</b>	<b>(1,276)</b>	<b>314</b>
<b>Profit before tax</b>		<b>(16,423)</b>	<b>(10,528)</b>	<b>(25,967)</b>	<b>(17,371)</b>
Income tax expenses		-	-	-	-
<b>Profit for the period</b>		<b>(16,423)</b>	<b>(10,528)</b>	<b>(25,967)</b>	<b>(17,371)</b>

#### CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

<i>(Amounts in 1000 NOK)</i>					
Profit for the period		(16,423)	(10,528)	(25,967)	(17,371)
Other comprehensive income		-	-	-	-
<b>Total other comprehensive income, net of tax</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the year</b>		<b>(16,423)</b>	<b>(10,528)</b>	<b>(25,967)</b>	<b>(17,371)</b>
<b>Earnings per share (NOK):</b>					
- Basic	13			(0.16)	(0.11)
- Diluted	13			(0.13)	(0.11)

## Balance sheet

### CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<i>(Amounts in 1000 NOK)</i>	<i>Note</i>	<b>Unaudited 31/12/2023</b>	<b>Audited 31/12/2022</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	9	196	54
Intangible assets	10	6,027	1,712
Other intangible assets	10	3,647	3,462
Assets under construction	11	126,153	82,406
Right-of-use assets	12	793	467
<b>Total non-current assets</b>		<b>136,817</b>	<b>88,100</b>
<b>Current assets</b>			
Inventories		65	-
Other receivables		4,966	1,011
Cash and cash equivalents	4	41,323	42,551
<b>Total current assets</b>		<b>46,354</b>	<b>43,562</b>
<b>Total assets</b>		<b>183,171</b>	<b>131,663</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	5	1,074	1,074
Share premium		149,872	149,872
Other reserves		3,094	3,037
Retained earnings		(54,067)	(28,099)
<b>Total equity</b>		<b>99,974</b>	<b>125,884</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Long term borrowings	6	50,000	-
Non-current lease liabilities	12	575	191
<b>Total non-current liabilities</b>		<b>50,575</b>	<b>191</b>
<b>Current liabilities</b>			
Trade creditors	7	8,696	1,925
Current borrowings from associates	7	20,568	969
Public duties payable	8	1,466	978
Current lease liabilities	12	231	280
Other current liabilities	8	1,662	1,436
<b>Total current liabilities</b>		<b>32,623</b>	<b>5,588</b>
<b>Total liabilities</b>		<b>83,197</b>	<b>5,779</b>
<b>Total equity and liabilities</b>		<b>183,171</b>	<b>131,663</b>

# Board of Directors

Lysaker,  
14 February 2024



**Narve Reiten**  
Chairman



**Kari Stine Tærum**  
Board member



**Line Tønnessen**  
Board member



**Trude Sundset**  
Board member



**Cecilie Jonassen**  
Chief Executive Officer

# STATEMENT OF CHANGES IN EQUITY

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

### 31.12.2023

<i>(Amounts in 1000 NOK)</i>	Share capital	Share premium	Other reserves	Retained earnings	Total equity
Equity at 31.12.2022	1,074	149,872	3,043	(28,099)	125,889
Profit for the period	-	-	-	(25,967)	(25,967)
Stock options	-	-	52	-	52
<b>Equity at 31.12.2023</b>	<b>1,074</b>	<b>149,872</b>	<b>3,094</b>	<b>(54,067)</b>	<b>99,974</b>

### 31.12.2022

<i>(Amounts in 1000 NOK)</i>	Share capital	Share premium	Other reserves	Retained earnings	Total equity
Equity at 31.12.2021	1,072	149,487	1,333	(10,728)	141,164
Profit for the period	-	-	-	(17,371)	(17,371)
Stock options exercised*	2	384	-	-	387
Stock options	-	-	1,710	-	1,710
<b>Equity at 31.12.2022</b>	<b>1,074</b>	<b>149,872</b>	<b>3,043</b>	<b>(28,099)</b>	<b>125,889</b>

\* Stock options were exercised in September 2022 in connection with employee stock option program.



# CASH FLOW STATEMENT

## CONSOLIDATED CASH FLOW STATEMENT

<i>(Amounts in 1000 NOK)</i>	<i>Note</i>	<b>Unaudited H2 2023</b>	<b>Unaudited H2 2022</b>	<b>Unaudited 2023</b>	<b>Audited 2022</b>
<b>Cash flow from operating activities</b>					
Result before income tax		(16,423)	(10,528)	(25,967)	(17,371)
<b>Adjustments:</b>					
Depreciation and amortisation	9, 10, 12	640	138	785	270
Interest		-	(340)	-	(340)
Valuation outstanding options		52	1,710	52	1,710
Changes in inventories		(65)	-	(65)	-
Changes in other receivables		(2,645)	(210)	(3,955)	297
Change in current liabilities		21,791	2,760	21,290	2,334
<b>Net cash flow from operating activities</b>		<b>3,349</b>	<b>(6,469)</b>	<b>(7,860)</b>	<b>(13,100)</b>
<b>Cash flow from investing activities</b>					
Investments in tangible assets	9	(149)	9	(191)	(67)
Investments in intangible assets	10	(1,619)	(2,990)	(4,932)	(4,204)
Investments in assets under construction	11	(28,221)	(24,597)	(45,790)	(47,129)
<b>Net cash flow from investing activities</b>		<b>(29,989)</b>	<b>(27,578)</b>	<b>(50,912)</b>	<b>(51,400)</b>
<b>Cash flow from financing activities</b>					
Interest received		-	340	-	340
Proceeds from issuing stock		-	387	-	387
Leasing obligations		(179)	(166)	(297)	(281)
Long term borrowings	6	50,000	-	50,000	-
Proceeds from Enova Grant	11	7,842	-	7,842	38,473
<b>Net cash flow from financing activities</b>		<b>57,663</b>	<b>561</b>	<b>57,544</b>	<b>38,918</b>
<b>Net change in cash and cash equivalents</b>		<b>31,023</b>	<b>(33,487)</b>	<b>(1,228)</b>	<b>(25,581)</b>
Cash and cash equivalents at start of period		10,300	76,038	42,551	68,133
<b>Cash and cash equivalents at end of period</b>		<b>41,323</b>	<b>42,551</b>	<b>41,323</b>	<b>42,551</b>
Non-restricted cash		40,580	42,037	40,580	42,037
Restricted cash		743	514	743	514
<b>Cash and cash equivalents at end of period</b>		<b>41,323</b>	<b>42,551</b>	<b>41,323</b>	<b>42,551</b>

# NOTES

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# NOTES

## NOTE 1 GENERAL INFORMATION

Vow Green Metals AS was incorporated on 14.01.2021.

Vow Green Metals was demerged from the parent company Vow ASA on 09.07.2021 in a subsequent listing on Euronext Growth on 12.07.2021.

Vow Green Metals Follum AS, is now a wholly owned subsidiary of VGM Operatør AS, was established in May 2022, and is the owner of the buildings and infrastructure related to the production plant at Hønefoss, Norway.

VGM Operatør AS, a wholly owned subsidiary of Vow Green Metals AS, was established in June 2023, to own and operate the process related to Vow Green Metals AS' production plant at Hønefoss, Norway.

This interim financial information for the Second Half Year 2023 has been prepared pursuant to IAS 34 «interim financial reporting». The interim Financial Reporting should be read in conjunction with the annual Financial Statements for the year ended 31 December 2022, which have been prepared in accordance with IFRS, as adopted by European Union. The accounting policies implemented are consistent with those of the annual financial statements for the year ended December 2022.

## NOTE 2 EMPLOYEE EXPENSES

<i>(Amounts in 1000 NOK)</i>	H2 2023	H2 2022	2023	2022
Salaries	8,359	5,758	13,437	10,160
Social security tax	1,661	1,022	2,355	1,656
Pension cost	413	310	721	616
Other benefits	1,584	3,023	1,636	3,033
<b>Total employee expenses</b>	<b>12,017</b>	<b>10,112</b>	<b>18,148</b>	<b>15,466</b>
Employee expenses capitalised to investment projects	(5,010)	(3,450)	(8,706)	(5,329)
<b>Total costs recognised as employee expenses</b>	<b>7,007</b>	<b>6,662</b>	<b>9,442</b>	<b>10,136</b>

## NOTE 3 OTHER OPERATING EXPENSES

<i>(Amounts in 1000 NOK)</i>	H2 2023	H2 2022	2023	2022
Legal	855	(85)	1,320	103
Audit fees	90	266	465	465
Consultant fees	4,474	1,843	8,796	3,086
Listing fees	118	607	450	973
Other expenses	1,982	1,426	3,434	2,651
<b>Total other operating expenses</b>	<b>7,518</b>	<b>4,058</b>	<b>14,464</b>	<b>7,278</b>

## NOTE 4 CASH AND CASH EQUIVALENTS

<i>(Amounts in 1000 NOK)</i>	2023	2022
Bank deposits	40,580	42,037
Restricted cash <sup>1)</sup>	743	514
<b>Total cash and cash equivalents</b>	<b>41,323</b>	<b>42,551</b>

1) Restricted cash comprise of withheld taxes from employee salaries.

**NOTE 5 SHARE CAPITAL AND SHAREHOLDER INFORMATION**

	<b>2023</b>	<b>2022</b>
Number of outstanding shares at 1 January	165,227,092	164,893,759
Share capital reduction	-	-
Share capital increase	-	-
Share capital increase - demerger	-	-
Share capital increase - employee stock options	-	333,333
<b>Number of outstanding shares at 31 December</b>	<b>165,227,092</b>	<b>165,227,092</b>
Nominal value NOK per share at 31 December	0.0065	0.0065
Share capital NOK at 31 December	1,073,976	1,073,976

Vow Green Metals AS has one class of shares with equal rights of all shares.

**NOTE 6 LONG TERM BORROWINGS**

<b>Long term borrowings</b>	<b>2023</b>	<b>2022</b>
<i>(Amounts in 1000 NOK)</i>		
Vardar AS	50,000	-
<b>Total long term borrowings</b>	<b>50,000</b>	<b>-</b>

In November 2023 Vow Green Metals secured a long term loan from Vardar AS of NOK 50 million. Vardar has the option to subscribe for shares in Vow Green Metals for a six months' period, with option expire date 5 June 2024, and use the Loan as a contribution in kind to settle the subscription consideration. The subscription price in the option agreement will be the lowest of (i) NOK 3.20 per share, and (ii) five days volume weighted average price (VWAP) plus a 30 percent premium. Terms and conditions: The loan facility has a length of 30 months after payment, with an end-date of June 2026. Interest is NIBOR +2.9%.

**NOTE 7 RELATED PARTIES****a) Balance with related parties:***(Amounts in 1000 NOK)*

		<b>2023</b>	<b>2022</b>
<b>Liabilities</b>			
Vow ASA (Scanship AS)	Trade creditors	1,211	506
Vow ASA (Scanship AS)	Current borrowings from associates	20,568	969
<b>Total payables to associates</b>		<b>21,779</b>	<b>1,475</b>

Payables to Vow ASA of KNOK 20,568 is related to the acquisition of the value of the development cost for the new planned biocarbon plant at Hønefoss. Please see Note 10 and 11. Invoice of KNOK 19,599 is a postponed payment, therefore classified as current borrowings from associates.

Accumulated interest 31.12.23 amounts to KNOK 1,167. Invoice and interest are fully paid in January 2024.

**b) Purchases:**

Vow ASA will deliver process equipment and engineering support to Vow Green Metals' biocarbon plant at Hønefoss in Norway. Please see Note 11.

Other transactions with related parties is related to a service agreement entered into with Scanship AS, which is the subsidiary of its largest shareholder, Vow ASA. The service comprise accounting, IT and administration services. In addition, Scanship AS re-invoices Vow Green Metals AS quarterly for shared office space at Lysaker Torg 12.

**c) Overview of subsidiaries:**

The following subsidiary are included in the consolidated financial statements:

<b>Company</b>	<b>Date of acquisition/incorporation</b>	<b>Country of incorporation</b>	<b>% Equity and voting share</b>
Vow Green Metals Follum AS	31/05/2022	Lysaker, Norway	100%
VGM Operatør AS	23/06/2023	Lysaker, Norway	100%

For further info. Please see Note 1.

**NOTE 8 PUBLIC DUTIES PAYABLE AND OTHER CURRENT LIABILITIES***(Amounts in 1000 NOK)*

	<b>2023</b>	<b>2022</b>
<b>Public duties payable</b>		
Employee withholding tax	743	514
Social security tax	723	464
<b>Total public duties payable</b>	<b>1,466</b>	<b>978</b>
<b>Other current liabilities</b>		
Accrued holiday pay	1,272	956
Other accrued expenses	390	480
<b>Other current liabilities</b>	<b>1,662</b>	<b>1,436</b>

## NOTE 9 PROPERTY, PLANT AND EQUIPMENT

**31/12/2023***(Amounts in 1000 NOK)***Office, furniture and equipment****Cost:**

At 1 January 2023	76
Additions	191
<b>At 31 December 2023</b>	<b>267</b>

**Depreciation and impairment:**

At 1 January 2023	(22)
Depreciation this year	(48)
<b>At 31 December 2023</b>	<b>(71)</b>

<b>Carrying amount at 31 December 2023</b>	<b>196</b>
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Useful life	3 years
Depreciation method	Linear

**31/12/2022***(Amounts in 1000 NOK)***Office, furniture and equipment****Cost:**

At 1 January 2022	-
Additions	76
<b>At 31 December 2022</b>	<b>76</b>

**Depreciation and impairment:**

At 1 January 2022	-
Depreciation this year	(22)
<b>At 31 December 2022</b>	<b>(22)</b>

<b>Carrying amount at 31 December 2022</b>	<b>54</b>
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Useful life	3 years
Depreciation method	Linear

**NOTE 10 INTANGIBLE ASSETS**

The company has acquired the value of the development cost for the new planned biocarbon plant at Hønefoss. Depreciation will start once the Hønefoss plant is starting production. The technical and system solutions know-how developed in the R&D project was acquired from Vow ASA with effect from 1 April 2021. The company implemented during 2022 a new ERP system. ERP depreciation started in 2Q23.

**31/12/2023***(Amounts in 1000 NOK)*

	<b>Proof of Concept</b>	<b>Factory module</b>	<b>Computer software</b>
<b>Cost:</b>			
At 1 January 2023	743	969	3,462
Additions	2,090	2,225	617
<b>At 31 December 2023</b>	<b>2,833</b>	<b>3,194</b>	<b>4,078</b>

**Depreciation and impairment:**

At 1 January 2023	-	-	-
Depreciation this year	-	-	(431)
<b>At 31 December 2023</b>	<b>-</b>	<b>-</b>	<b>(431)</b>

<b>Carrying amount at 31 December 2023</b>	<b>2,833</b>	<b>3,194</b>	<b>3,647</b>
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Useful life	10 years	10 years	7 years
Depreciation method	Linear	Linear	Linear

**31/12/2022***(Amounts in 1000 NOK)*

	<b>Proof of Concept</b>	<b>Factory module</b>	<b>Computer software</b>
<b>Cost:</b>			
At 1 January 2022	-	969	-
Additions	743	-	3,462
<b>At 31 December 2022</b>	<b>743</b>	<b>969</b>	<b>3,462</b>

**Depreciation and impairment:**

At 1 January 2022	-	-	-
Depreciation this year	-	-	-
<b>At 31 December 2022</b>	<b>-</b>	<b>-</b>	<b>-</b>

<b>Carrying amount at 31 December 2022</b>	<b>743</b>	<b>969</b>	<b>3,462</b>
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Useful life	10 years	10 years	7 years
Depreciation method	Linear	Linear	Linear

**NOTE 11 ASSETS UNDER CONSTRUCTION**

Vow Green Metals is currently building their first biocarbon plant, at Hønefoss, Norway. Vow ASA will deliver process equipment and engineering.

**31/12/2023***(Amounts in 1000 NOK)*

	<b>Assets under construction</b>
<b>Cost:</b>	
At 1 January 2023	82,406
Additions	51,589
Enova Grant	(7,842)
<b>At 31 December 2023</b>	<b>126,153</b>
<b>Carrying amount at 31 December 2023</b>	<b>126,153</b>

**31/12/2022***(Amounts in 1000 NOK)*

	<b>Assets under construction</b>
<b>Cost:</b>	
At 1 January 2022	73,750
Additions	47,129
Enova Grant	(38,473)
<b>At 31 December 2022</b>	<b>82,406</b>
<b>Carrying amount at 31 December 2022</b>	<b>82,406</b>

**Government grants**

Government grants are recognised when it is reasonably certain that the company will meet the conditions stipulated for the grants and that the grants will be received. Operating grants are recognised systematically during the grant period. Grants are deducted from the cost which the grant is meant to cover. Investment grants are capitalised and recognised systematically over the asset's useful life. Investment grants are recognised either as deferred income or as a deduction of the asset's carrying amount.

Enova has confirmed a government grant to support the company's project for industrial production of biocarbon for metallurgical industry at Follum. The grant is for 40 % of the total approved project cost, but limited to KNOK 80,700. Grants will be paid in arrears based on agreed progress milestones in the project. 20% of the grant will be withheld until the final report has been submitted and approved by Enova. Grants of KNOK 38,473 has been received in June 2022 and grants of KNOK 7,842 has been received July 2023. This sums up to total grants of KNOK 46,314.



## NOTE 12 ASSET LEASE

### Right of use assets

#### 31.12.2023

<i>(Amounts in 1000 NOK)</i>	<b>Cars</b>	<b>Properties</b>
At 1 January 2023	284	183
Additions	-	632
Depreciation	(142)	(163)
<b>Carrying amount at 31 December 2023</b>	<b>142</b>	<b>651</b>

Lease liabilities for cars are discounted with an interest rate of 3.3 per cent.

Lease liabilities for properties are discounted with an interest rate of 5.9 per cent.

#### Lease liabilities recognised

<i>(Amounts in 1000 NOK)</i>	<b>Cars</b>	<b>Properties</b>
Current lease liabilities	70	161
Non-current lease liabilities	76	499
<b>Total</b>	<b>145</b>	<b>660</b>

#### Maturity analysis - contractual undiscounted cash flows

<i>(Amounts in 1000 NOK)</i>	<b>Cars</b>	<b>Properties</b>
Within 1 year	70	161
1-2 years	70	67
2-3 years	6	67
After 3 years	-	364

Leases with a lease term less than 12 months are accounted for as short-term leases.

#### 31.12.2022

<i>(Amounts in 1000 NOK)</i>	<b>Cars</b>	<b>Properties</b>
At 1 January 2022	-	138
Additions	419	167
Depreciation	(135)	(122)
<b>Carrying amount at 31 December 2022</b>	<b>284</b>	<b>183</b>

Lease liabilities are discounted with an interest rate of 3.3 per cent.

#### Lease liabilities recognised

<i>(Amounts in 1000 NOK)</i>	<b>Cars</b>	<b>Properties</b>
Current lease liabilities	164	115
Non-current lease liabilities	116	63
<b>Total</b>	<b>280</b>	<b>178</b>

#### Maturity analysis - contractual undiscounted cash flows

<i>(Amounts in 1000 NOK)</i>	<b>Cars</b>	<b>Properties</b>
Within 1 year	164	115
1-2 years	116	63

Leases with a lease term less than 12 months are accounted for as short-term leases.

**NOTE 13 EARNINGS PER SHARE**

Basic EPS is calculated by dividing the profit for the year attributable to the ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by dividing the profit attributable to the ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year, plus the weighted average number of ordinary shares that would be issued on exercise of share options and conversion of convertible instruments into ordinary shares.

The following table reflects the income and share data used in the basic and diluted EPS computations:

	<b>2023</b>	<b>2022</b>
Profit for the year (amounts in NOK)	(25,967,305)	(17,370,827)
Weighted average number of shares outstanding	165,227,092	164,967,019
<i>Effects of dilution from:</i>		
Share options	4,596,666	937,144
Convertible loan <sup>1</sup>	26,315,789	
Weighted average number of shares adjusted for the effect of dilution	196,139,547	165,904,163
Earnings per share (NOK per share):		
- Basic	(0.16)	(0.11)
- Diluted	(0.13)	(0.11)

<sup>1</sup>The convertible loan is related to the long term loan from Vardar AS of MNOK 50.

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