



# VOW

**Report for the first half of 2020**  
**Vow ASA**

## HIGHLIGHTS FOR 2020

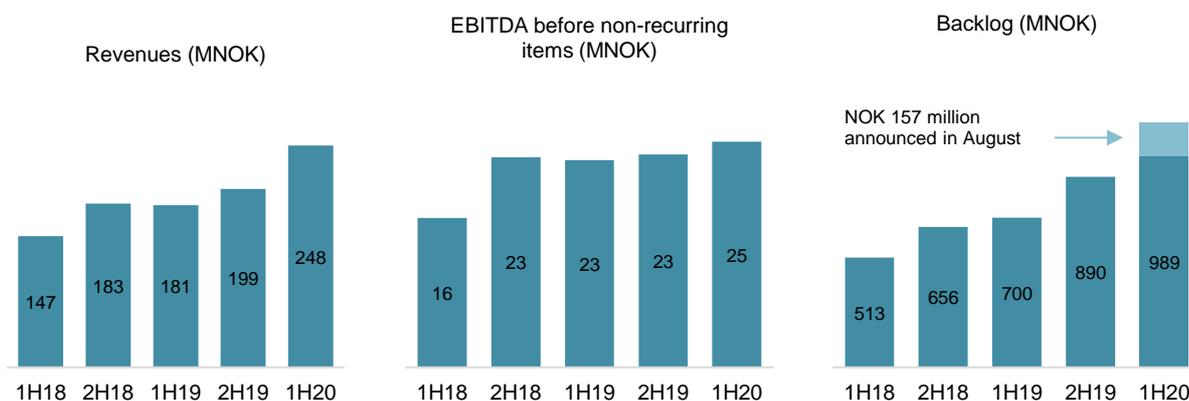
### First half year

- Revenues at record high level NOK 248 million, including ETIA, for the first six months of 2020, up by 37 per cent from NOK 181 million for the same period of 2019.
- EBITDA before non-recurring items amounted to NOK 25 million, representing a margin of 10 per cent, compared to NOK 23 million for the first half of 2019.
- Strong performance in cruise resulting in record-high EBITDA for Projects segment, while Aftersales are affected by covid-19. Landbased is characterized by organisational build-up.
- Result before tax at NOK 35 million for the first half of 2020, compared to NOK 20 mill for the same period in 2019.
- Several new contracts for both Projects and Landbased bring backlog to an all-time high level of NOK 989 million at 30 June. Orders worth an additional NOK 157 million have since been confirmed. In addition to the firm orderbook there are signed optional contracts at a total value of NOK 621 million per 25 August.
- Awarded grants and loans from “Innovasjon Norge” for further commercialisation of the application for patented pyrolysis technology for chemical recycling of plastic waste.
- Streamlining ETIA for further growth. Applying Vow’s proven delivery model for landbased projects, establishing a common technology platform and co-ordinating teams to ensure optimal commissioning of systems.
- Building organisation in Europe and the US in response to increased demand in landbased industries. Negotiations are ongoing for feasibility studies, pilot plants and full-scale process plants for several world-leading clients.

### Consolidated key figures

*Amounts in million NOK (except percentages)*

	1H 2020	1H 2019	2019
Revenues	247.8	181.3	380.8
EBITDA before non-recurring items	24.6	22.6	45.8
EBITDA before non-recurring items margin %	9.9%	12.5%	12.0%
EBITDA	24.3	22.0	26.6
EBITDA margin %	9.8%	12.1%	7.0%
Result before tax	34.8	20.0	-7.3
Project backlog	989	700	890
Total assets	696	236	602
Total equity	261	100	232



## FINANCIAL REVIEW

In August 2019, Vow ASA, then Scanship Holding ASA, signed an agreement to acquire ETIA Ecotechnologies (ETIA), a company that primarily consisted of landbased operations. As a result, Vow has since the second half of 2019 reported its operations in three segments; Projects (Norway), Aftersales and Landbased (ETIA, and certain operations in Norway).

The ETIA transaction was completed on 15 October 2019, and ETIA was consolidated into the accounts from this date. Comparable numbers for the first half of 2019 have not been restated accordingly.

### Financial results

#### Profit and loss

**Revenues** for Vow ASA amounted to NOK 247.8 million for the first six months of 2020, an increase of 36.7 per cent from the NOK 181.3 million reported for the corresponding period of 2019. The increase is explained by the contribution of NOK 48.0 million from the ETIA operations, which was consolidated into the accounts from October 2019, and the significantly higher revenues for the Projects segment. As expected, revenues from the Aftersales segment are negatively affected by the covid-19 pandemic, and down by 33.4 per cent from the first half of 2019.

Further comments are provided under each of the business segments.

**The Gross Margin** for the first six months of 2020 ended at 32.8 per cent, compared to 29.2 per cent for the same period of 2019. The increase is related to higher gross margin levels for both the Projects and Aftersales segments.

**EBITDA before non-recurring items** amounted to NOK 24.6 million for the first half of 2020, representing a margin of 9.9 per cent, compared to NOK 22.6 million and a margin of 12.5 per cent for the corresponding period of 2019. The lower margin can be explained by increased costs related to development of the Landbased segment, as well as lower revenue and gross profit from the Aftersales segment.

Vow had non-recurring items of NOK 0.3 million for the first six months of this year, relating to the ETIA transaction. For the corresponding period last year, the company booked non-recurring items of NOK 0.6 million relating to the transfer of the listing from Oslo Axess to Oslo Børs.

**EBITDA** amounted therefore to NOK 24.3 million for the first half of 2020, compared to NOK 22.0 million for the same period last year.

**Depreciation and amortisation** amounted to NOK 10.1 million for the first six months of 2020, compared to NOK 3.5 million for the same period last year. The increase is primarily a result of the inclusion of ETIA, both related to depreciation and amortisation in the ETIA accounts, and to the amortisation of intangible assets from the ETIA acquisition.

**Net financial items** for the first half of 2020 came in at NOK 20.7 million, compared to NOK 1.6 million for the first half of 2019. The items are positively affected by a fair value adjustment of the conversion rights on the convertible loan related to the ETIA transaction amounting to NOK 18.2 million. The adjustment do not have any cash effect.

**The result before tax** came in at NOK 34.8 million, up from NOK 20.0 million for the corresponding period last year.

#### Cash flow

**Operating activities** generated a cash flow of NOK -8.1 million for the first half of 2020, compared to NOK -1.2 million for the same period of 2019. The cash flow for the period is affected by increased working capital from the significant level of contracts in progress.

**Investing activities** in the first six months of 2020 generated a cash outflow of NOK 40.8 million, primarily relating to ongoing R&D projects and investments in the Landbased segment. For the same period of 2019, the cash outflow was NOK 8.1 million.

**Financing activities** in the first half of 2020 generated a cash flow of NOK 14.5 million, primarily related to a new bank loan financing for the ETIA operations. For the comparable period of 2019, financing activities generated a positive cash flow of NOK 12.1 million, including dividend distributions of NOK 9.6 million.

### Financial position

As of 30 June 2020, Vow had total assets of NOK 695.9 million, compared to NOK 602.1 million at the end of 2019 and NOK 235.7 million at 30 June 2019. The main reason for the increase over the period is the acquisition of ETIA and the significant increase in the project activity and the contracts in progress. The investments made within R&D and intangible assets are also

increasing the total assets of the group. The investments are primarily made within the Landbased segment, to significantly strengthen and further develop this business segment.

The convertible loan, including the fair value of the conversion rights, was converted to new shares in Vow ASA on the 17<sup>th</sup> July

At the end of June 2020, the total equity amounted to NOK 260.9 million, representing an equity share of 38 per cent, compared to NOK 231.7 million at the end of 2019 and NOK 99.7 million at the end of June 2019. In November 2019 a private placement was completed, contributing with net proceeds of NOK 100.9 million.

## OPERATIONAL REVIEW

Vow ASA develops and delivers world leading technology and solutions that bring an end to waste and that are required in a truly sustainable circular economy.

Vow solutions purify wastewater and convert waste into valuable resources and clean energy for customers in cruise, aquaculture and a wide range of land-based industries and utilities. Vow solutions are scalable, standardised, patented and the company's delivery model is well proven.

The Vow group's key markets for waste valorisation, prevention of pollution and decarbonization include cruise, biogas, metallurgical, minerals, plastic to energy, end-of-life tires, power to heat, waste management, agricultural, aquaculture and food processing.

### Order backlog

During 2020, Vow has secured a number of new contracts, despite the challenging market conditions in cruise caused by the covid-19 pandemic.

This proves that Vow's business model is robust and that the demand for the company's technology continues to benefit from the growing concern for climate and the environment.

As of 30 June, Vow had a total order backlog of NOK 989.3 million. In addition to the firm backlog, shipowners have placed firm orders and options with shipyards on "Scanship equipped" sisterships amounting to NOK 542.4 million in future revenues.

Adding to this, Vow was awarded contracts in August amounting to NOK 157.1 million, as well as options worth NOK 78.6 million.

### Segments

Vow ASA is organised in three operating segments; Projects, Aftersales and Landbased. Projects and Aftersales are based on the business of Scanship, while Landbased includes the ETIA operations as well as certain land-based operations in Norway.

The segment Projects includes sales of systems to shipyards and the aquaculture industry for newbuild constructions or to ships in operations as retrofits, while Aftersales are related to sale of spares and consumables, as well as service on delivered systems.

## Projects

<i>NOK million</i>	1H 2020	1H 2019	2019
Revenues	160.1	121.7	236.0
EBITDA	35.0	17.7	37.0
EBITDA margin (%)	21.8%	14.5%	15.7%
Backlog	933	700	813

**Revenues** from the Projects segment amounted to NOK 160.1 million for the first half of 2020, up from NOK 121.7 million for the same period of 2019. The increase results from the significant number of new contracts awarded to the segment through the subsidiary Scanship AS over the last years. The revenues for Projects will vary between the periods based on the timing of system deliveries.

**EBITDA** for the segment came in at a record-high NOK 35.0 million for the period, representing a margin of 21.8 per cent, up from NOK 17.7 million for the corresponding period of 2019, equivalent a margin of 14.5 per cent. The positive margin development results from improvements in operational efficiency, combined with the increase in revenue and gross margin level.

**Order backlog** for segment Projects was NOK 933.0 million at 30 June 2020.

In the first six months of the year, Vow has announced contracts for delivery of systems for eight cruise ships currently being built at European and Chinese yards, and one system for a land-based application in Sweden.

In August, two further contracts valued at a total of NOK 157.1 million was secured, bringing the total order intake for the first eight months of 2020 for the Projects segment to NOK 285 million.

**Operational activity** for the Scanship subsidiary continued to increase in the first half of 2020. The company had high delivery activity towards fourteen (14) cruise newbuilds and one retrofit project. In addition, Scanship commissioned three newbuild projects and three aquaculture projects. The company also successfully completed the planned compliance tests on three projects.

## Aftersales

<i>NOK million</i>	1H 2020	1H 2019	2019
Revenues	39.7	59.6	125.7
EBITDA	4.8	10.3	22.5
EBITDA margin (%)	12.1%	17.2%	17.9%

**Revenues** for the Aftersales segment came in at NOK 39.7 million for the period, down from NOK 59.6 million for the same period in 2019. As expected, and communicated in the operational update for the first quarter of 2020, the Aftersales segment has been increasingly affected by the covid-19 pandemic. Many cruise ships have been docked since March and measures to control the spread of the pandemic have restricted travel and access to the ships. Some cruise ships have gradually resumed operations, while the majority of cruise ships are still docked.

**EBITDA** for the segment was NOK 4.8 million for the first half of the year, representing a margin of 12.1 per cent. For the comparable period of 2019, EBITDA was NOK 10.3 million, equivalent to a margin of 17.2 per cent. The lower margin is a result of the lower revenue and gross profit level for the period while most expenses are fixed.

## Landbased

<i>NOK million</i>	1H 2020	1H 2019	2019
Revenues	48.0	-	19.1
EBITDA before non-recurring items	-7.1	-	-1.5
EBITDA before non-recurring items margin (%)	-14.8%	-	-7.8%
Backlog	56.3	-	77.9

**Revenues** for the Landbased segment amounted to NOK 48.0 million for the first half of 2020. ETIA was included in the accounts from 15 October 2019, thus there are no comparable numbers for the first half of 2019. The segment recorded revenues of NOK 19.1 million for the fourth quarter of 2019 and has had a positive revenue development and order intake in 2020.

**EBITDA** for the segment came in at NOK -7.1 million, equivalent to a margin of -14.8 per cent. Vow is in 2020 investing significantly in the ETIA operations, both through operating expenses, R&D investments and fixed asset investments, to

further develop the revenue base and profitability of this business segment.

**Order backlog** for the Landbased segment amounted to NOK 56.3 million at the end of the first half of 2020.

Several milestone contracts were announced in the first half of the year, including a pyrolysis testing unit for processing of waste plastics and polymers, a biomass energy system for processing of cocoa shells from the food industry, a contract for waste sorting robotics based on artificial intelligence (AI) with one of the largest recycling companies for ferrous and non-ferrous metals in Europe, and a Safesteril system for the sterilization and debaterization of medical herbs

#### Administration cost

Administration costs are costs that are not allocated to the segments, as the costs are more related to headquarter and to listing of the Group rather than to a specific segment.

## SHARE INFORMATION

Vow ASA is listed at the Oslo Børs, which is a full stock exchange listing that complies with all EU requirements, under the symbol VOW.

During the first half of 2020, the Vow share traded between NOK 12.25 and NOK 35.00 per share, with a closing price of NOK 22.00 per share at 30 June 2020.

As of 30 June 2020, the company had a total of 106,563,566 outstanding shares. In July, 2 336 303 new shares were issued (see more information in "Recent events"), bringing the total number of outstanding shares to 108 899 869 shares as of 20 August, divided between 5 486 shareholders.

A total of 70.7 million shares were traded during the first half of 2020, representing 66 per cent of the total number of shares outstanding. The average volume traded daily was approximately 574 500, compared to an average of 653 600 shares per day in the previous reporting period.

#### Termination of market-making

On 30 April, Vow announced the termination of its market-making agreement with SpareBank1 Markets, effective from 1 July 2020. The termination followed the positive development and increased liquidity in the share.

#### General meetings

On 9 January 2020, an extraordinary general meeting of Scanship Holding ASA approved to change the company's name to Vow ASA. The name change was registered in the Norwegian register of business enterprises on 10 January 2020 and the company started trading under the new name and ticker symbol VOW at the Oslo Børs from 13 January 2020.

On 25 May 2020, Vow ASA held its annual general meeting. All resolutions were adopted in accordance with the Board's proposal and the Nomination Committee's recommendation.

## RISKS AND UNCERTAINTIES

The Vow group is subject to a number of risks, including operational and financial risks. The board and executive management is continuously monitoring the group's risk exposure and the group constantly strives to improve its internal control processes. Below is a summary of the key risks for the group for the next reporting period. For a more detailed description of the risk factors, please see an overview in the annual report for 2019.

Covid-19 has created disruption to the global economy. Vow's business has continued mostly as planned in the first half of 2020, without significant changes in delivery schedules to the cruise industry. However, the company's Aftersales segment has been affected by the pandemic and the segment is expected to continue to be affected as long as the challenges related to the pandemic persists. In addition, Vow expects that some delivery schedules could be delayed going forward as a result of the pandemic. It remains uncertain when the market situation will normalise. A prolonged period of downturn thus represents a risk to the company's revenues and cash flow.

## RECENT EVENTS

In August, Vow has announced major contracts from the shipbuilding group Fincantieri, for cleantech systems for four newbuilds, including options for two additional vessels. The total value of the contract is NOK 157.1 million (EUR 14.4 million). In addition the contracts include options at a value of another NOK 78.6 million (EUR 7.2 million).

In July, Vow announced that the vendor notes amounting to NOK 45.2 million was converted to shares by the issuance of 2 336 303 new shares. This was part of the settlement of the purchase price of ETIA, announced on 15 October 2019, where Vow issued convertible loans of EUR 4 179 000 in respect of a 9 months' seller credit. The share issue resulted in a total increase in the share capital of NOK 233 630. The new share capital was registered in the Companies' register ("Brønnøysund") on 22 July 2020 and the total number of outstanding shares following the issue is 108 899 869 shares.

On 9 July 2020, Vow was awarded grants and loans from "Innovasjon Norge", the government's instrument for innovation and development of Norwegian enterprises and industry to further commercialise the company's application for patented pyrolysis technology for chemical recycling of plastic waste. The loans and grants, a total of NOK 19.4 million will amongst other be used to develop a plant to demonstrate the conversion of plastic waste into energy.

## OUTLOOK

The strong order intake so far in 2020, despite the covid-19 pandemic, confirms that Vow continues to benefit from the growing awareness for the climate and environment.

The Board and management of Vow are closely monitoring the market developments in various regions and industries the company is exposed to, to prepare for potential consequences from the pandemic.

The cruise industry continue to grow as cruise liners place new orders at European and Chinese yards. The total industry orderbook as of 25 August 2020 is 120 cruise ships to be delivered until 2027. This, combined with the increasing demand for solutions for cleaner oceans is expected to result in further growth for the Projects and Aftersales segments going forward.

The Scanship subsidiary has secured contracts worth a total of NOK 285 million so far this year, resulting in an all-time high backlog. Although some newbuild programmes could be delayed as a consequence of the current market situation, Vow is confident about the long-term strong market outlook for this segment.

As the majority of cruise ships still being docked due to covid-19, Vow expects that its Aftersales segment will continue to be affected from the pandemic as long as the challenges related to it persist. Industry experts have predicted that cruise ships, in particular those based in the US, is expected to start sailing during the fourth quarter. As an increasing number of cruise ships are delivered to the market with Scanship systems, the Aftersales market is growing and Vow remains positive about the long-term market opportunities for this segment.

Attention to sustainability and cleaner oceans is also expected to continue to create opportunities within the aquaculture industry where Scanship delivers technology for sustainable fish farming and circular economy.

Through the acquisition of ETIA in October last year, Vow strengthened its access to land-based markets, including new geographies and verticals. As noted above, Vow is making significant investments in the Landbased segment to support further growth and profitability going forward.

In response to the increased demand for the company's solutions, Vow is currently strengthening its organisation in Europe and the US.

Lysaker, Norway, 25 August 2020,  
The Board of Directors and CEO  
Vow ASA

Narve Reiten  
Chairman

Bård Brath Ingerø  
Director

Susanne Schneider  
Director

Benedicte Bakke Agerup  
Director

Henrik Badin  
CEO

## DEFINITIONS OF ALTERNATIVE PERFORMANCE MEASURES NOT DEFINED BY IFRS

<b>EBITDA before non-recurring items</b>	Normalised earnings before interest, tax depreciation and amortization. Non-recurring items, like for instance transaction costs and costs related to acquisitions, are not included
<b>EBITDA margin (%) before non-recurring items</b>	EBITDA before non-recurring items as a percentage of net sales, is a key performance indicator that the company considers relevant for understanding the profitability of the business and for making comparisons with other companies.
<b>EBITDA</b>	Earnings before interest, tax, depreciation and amortization. EBITDA is a key performance indicator that the company considers relevant for understanding the generation of profit before investments in fixed assets.
<b>EBIT</b>	Earnings before interest and tax. EBIT is a key performance indicator that the company considers relevant, as it facilitates comparisons of profitability over time independent of corporate tax rates and financing structures. Depreciations are included, however, which is a measure of resource consumption necessary for generating the result.
<b>EBIT margin (%)</b>	EBIT as a percentage of net sales. The EBIT margin is a key performance indicator that the company considers relevant for understanding the profitability of the business and for making comparisons with other companies.
<b>Equity ratio (%)</b>	Total equity in relation to total assets. The equity ratio is a key performance indicator that the company considers relevant for assessing its financial leverage.
<b>Backlog</b>	The group's order backlog consists of future value of remaining revenue on ongoing projects and projects signed but not started
<b>Aftersales</b>	Aftersales is revenue related to life cycle services as services, support and spare parts for the equipment and systems delivered

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(NOK million)	Note	Unaudited 1H 2020	Unaudited 1H 2019	Audited 2019
Revenue	2	247.8	181.3	380.8
<b>Total operating revenue</b>		<b>247.8</b>	<b>181.3</b>	<b>380.8</b>
Cost of goods sold		-166.6	-128.3	-259.3
<b>Gross Profit</b>		<b>81.3</b>	<b>53.0</b>	<b>121.5</b>
<i>Gross Margin</i>		32.8 %	29.2%	31.9%
Employee expenses		-39.5	-18.6	-47.8
Other operating expenses		-17.2	-11.8	-27.8
<b>EBITDA before non-recurring items</b>		<b>24.6</b>	<b>22.6</b>	<b>45.8</b>
<i>- EBITDA margin before non-recurring items</i>		9.9 %	12.5%	12.0%
Non-recurring items		-0.3	-0.6	-19.2
<b>EBITDA</b>		<b>24.3</b>	<b>22.0</b>	<b>26.6</b>
Depreciation and amortisation	3	-10.1	-3.5	-10.9
<b>Operating result (EBIT)</b>		<b>14.1</b>	<b>18.5</b>	<b>15.7</b>
Sum financial items		2.5	1.6	-2.7
Fair value adjustment conversion rights	5	18.2	-	-20.3
<b>Net financial items</b>		<b>20.7</b>	<b>1.6</b>	<b>-23.0</b>
<b>Result before tax</b>		<b>34.8</b>	<b>20.0</b>	<b>-7.3</b>
Income tax revenue (+) / expense (-)		-7.6	-4.8	-6.2
<b>Result for the period</b>		<b>27.1</b>	<b>15.3</b>	<b>-13.5</b>
<b>Other comprehensive income</b>				
<i>Exchange differences or trans. of foreign op.</i>		-4.6	-0.4	-3.7
<b>Total comprehensive income, net of tax</b>		<b>22.5</b>	<b>14.8</b>	<b>-17.2</b>
<b>Attributable to</b>				
Owners of the parent		22.5	14.8	-17.2
Non-controlling interest		-	-	-
		<b>22.5</b>	<b>14.8</b>	<b>-17.2</b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(NOK million)	Note	Unaudited 1H 2020	Unaudited 1H 2019	Audited 2019
Property, plant and equipment		23.6	5.1	20.5
Intangible assets	3	131.9	44.2	100.5
Goodwill	3	136.1	-	136.1
Right-of-use assets	4	20.6	13.9	21.2
Deferred tax asset		10.5	-	-
<b>Total non-current assets</b>		<b>322.7</b>	<b>63.1</b>	<b>278.2</b>
Inventories		10.7	7.4	9.3
Trade receivables		129.5	69.5	135.6
Contracts in progress	2	147.9	71.9	60.8
Other receivables		30.7	14.1	32.6
Cash and cash equivalents		54.4	9.7	85.5
<b>Total current assets</b>		<b>373.2</b>	<b>172.6</b>	<b>323.8</b>
<b>Total assets</b>		<b>695.9</b>	<b>235.7</b>	<b>602.1</b>
Share capital		10.7	9.6	10.7
Share premium		240.7	79.5	240.7
Other capital reserves		2.3	0.3	1.0
Translation differences		2.6	1.3	-2.0
Retained earnings		3.6	9.0	-19.7
<b>Equity attributable to owners of the parent</b>		<b>259.9</b>	<b>99.7</b>	<b>230.7</b>
<i>Attributable to:</i>				
Non-controlling interest		1.0	-	1.0
Owners of the parent		259.9	99.7	230.7
<b>Total equity</b>		<b>260.9</b>	<b>99.7</b>	<b>231.7</b>
Deferred tax liabilities		38.8	18.7	25.7
Long term borrowings	6	126.4	0.6	92.7
Non-current lease liabilities	4	14.5	9.8	14.9
<b>Total non-current liabilities</b>		<b>179.7</b>	<b>29.1</b>	<b>133.3</b>
Current borrowings	6	5.3	-	16.5
Trade creditors		68.5	41.8	69.2
Convertible loan	5	52.3	-	65.0
Contract accruals	2	62.6	24.6	36.8
Unrealised change fair value FX derivatives		5.6	-	-0.1
Income tax payable		-0.3	0.1	1.7
Bank overdraft / trade finance facility	6	37.9	24.7	20.6
Current lease liabilities	4	6.5	4.3	6.6
Other current liabilities		17.0	11.5	20.7
<b>Total current liabilities</b>		<b>255.4</b>	<b>107.0</b>	<b>237.0</b>
<b>Total liabilities</b>		<b>435.1</b>	<b>136.1</b>	<b>370.4</b>
<b>Total equity and liabilities</b>		<b>695.9</b>	<b>235.7</b>	<b>602.1</b>

## CONSOLIDATED STATEMENT OF CHANGE IN EQUITY

<i>Unaudited</i> (NOK million)	Share capital	Share premium	Other cap. reserves	Trans. diff.	Retained earnings	Total
<b>30.06.20</b>						
Equity at 31.12.2019	10.7	240.7	1.0	-2.0	-18.7	231.7
Result for the period	-	-	-	-	27.1	27.1
Other comprehensive income	-	-	-	4.6	-	4.6
Translation difference, non-current assets adj.	-	-	-	-	-3.7	-3.7
<b>Total comprehensive income</b>	<b>10.7</b>	<b>240.7</b>	<b>1.0</b>	<b>2.6</b>	<b>4.6</b>	<b>259.6</b>
Stock option			1.3			1.3
<b>Equity at end of period</b>	<b>10.7</b>	<b>240.7</b>	<b>2.3</b>	<b>2.6</b>	<b>4.6</b>	<b>260.9</b>
<i>Attributable to non-controlling interest</i>						1.0
<i>Attributable to owners of the parent</i>						259.9
						<b>260.9</b>

<i>Unaudited</i> (NOK million)	Share capital	Share premium	Other cap. reserves	Trans. diff.	Retained earnings	Total
<b>30.06.19</b>						
Equity at 31.12.2018	9.6	77.9	0.3	1.7	3.9	93.3
Result for the period	-	-	-	-	15.3	15.3
Other comprehensive income	-	-	-	-0.4	-0.4	-0.8
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-0.4</b>	<b>14.9</b>	<b>14.4</b>
Share capital increase *	0.1	1.7	-	-	-	1.7
Dividends paid	-	-	-	-	-9.6	-9.6
<b>Equity at end of period</b>	<b>9.6</b>	<b>79.5</b>	<b>0.3</b>	<b>1.3</b>	<b>9.0</b>	<b>99.7</b>

\*Share capital increase was made in March in connection with exercise of employee stock option program from 2014.

## CONSOLIDATED STATEMENT OF CASH FLOW

(NOK million)	Unaudited 1H 2020	Unaudited 1H 2019	Audited 2019
<i>Result before tax</i>	34.8	20.0	-7.3
Net cash flow from operating activities	-8.1	-1.2	-16.9
Net cash flow from investing activities	-40.8	-8.1	-95.4
Net cash flow from financing activities	14.5	21.7	200.4
Dividends paid	-	-9.6	-9.6
<b>Net change in cash and cash equivalents</b>	<b>-34.4</b>	<b>2.8</b>	<b>78.4</b>
<i>Effect of exchange rate changes on cash and cash equivalents</i>	3.3	-0.1	0.1
Cash and cash equivalents at start of period	85.5	7.0	7.0
<b>Cash and cash equivalents at end of period</b>	<b>54.4</b>	<b>9.7</b>	<b>85.5</b>

## NOTES TO THE ACCOUNTS

### Note 1 General information

This interim financial information for the Second Half Year 2020 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 2019, 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 2019. The Board of Directors approved this Interim report August 25, 2020.

### Note 2 Revenue, contracts in progress and segment

(NOK million)	Unaudited 1H 2020	Unaudited 1H 2019	Audited 2019
Project revenue	160.1	121.7	236.1
Aftersales	39.7	59.6	125.6
Land-based	48.0	-	19.1
<b>Revenue</b>	<b>247.8</b>	<b>181.3</b>	<b>380.8</b>

Revenue from projects is recognised under IFRS 15 (Revenue from contracts with customers). The method will include estimates for the total costs on the projects, both equipment cost and internal project related work hours.

### Recognised and included in the financial statements as amount due:

(NOK million)	Unaudited 1H 2020	Unaudited 1H 2019	Audited 2019
Contracts in progress	147.9	71.9	60.8
Contract accruals	-62.6	-24.6	-36.8
<b>Net work in progress</b>	<b>85.3</b>	<b>47.3</b>	<b>24.0</b>

## Segment information:

## 1H 2020

(NOK million)	Projects	Aftersales	Landbased	Admin.	Total
Revenue	160.1	39.7	48.0	-	247.8
<b>Total revenue</b>	<b>160.1</b>	<b>39.7</b>	<b>48.0</b>	<b>-</b>	<b>247.8</b>
Cost of sales	-109.6	-24.3	-32.6	-	-166.6
Gross profit	50.5	15.4	15.4	-	81.3
Gross margin	31.5%	38.7%	32.1%	-	32.8%
Employee expenses	-12.9	-7.3	-16.2	-3.2	-39.5
Other operating expenses	-2.7	-3.3	-6.3	-4.9	-17.2
<b>EBITDA before non-recurring items</b>	<b>35.0</b>	<b>4.8</b>	<b>-7.1</b>	<b>-8.1</b>	<b>24.6</b>
<i>EBITDA before non-recurring items margin</i>	<i>21.8%</i>	<i>12.1%</i>	<i>-14.8%</i>		<i>9.9%</i>
Non-recurring items	-	-	-0.3	-	-0.3
<b>EBITDA</b>	<b>35.0</b>	<b>4.8</b>	<b>-7.4</b>	<b>-8.1</b>	<b>24.3</b>
Depreciation and amortisation	-3.3	-1.0	-5.0	-	-9.3
Impairment	-0.9	-	-	-	-0.9
<b>Operating profit</b>	<b>30.8</b>	<b>3.8</b>	<b>-12.5</b>	<b>-8.1</b>	<b>14.1</b>

## 1H 2019

(NOK million)	Projects	Aftersales	Landbased	Admin.	Total
Revenue	121.7	59.6	-	-	181.3
<b>Total revenue</b>	<b>121.7</b>	<b>59.6</b>	<b>-</b>	<b>-</b>	<b>181.3</b>
Cost of sales	-88.7	-39.6	-	-	-128.3
Gross profit	33.0	20.0	-	-	53.0
Gross margin	27.1%	33.6%	-	-	29.2%
Employee expenses	-9.4	-6.0	-	-3.1	-18.6
Other operating expenses	-5.8	-3.7	-	-2.3	-11.8
<b>EBITDA before non-recurring items</b>	<b>17.7</b>	<b>10.3</b>	<b>-</b>	<b>-5.4</b>	<b>22.6</b>
<i>EBITDA before non-recurring items margin</i>	<i>14.5%</i>	<i>17.2%</i>			<i>12.5%</i>
Non-recurring items	-	-	-	-0.6	-0.6
<b>EBITDA</b>	<b>17.7</b>	<b>10.3</b>	<b>-</b>	<b>-6.0</b>	<b>22.0</b>
Depreciation and amortisation	-3.0	-0.5	-	-	-3.5
<b>Operating profit</b>	<b>14.7</b>	<b>9.7</b>	<b>-</b>	<b>-6.0</b>	<b>18.5</b>

## 2019

(NOK million)	Projects	Aftersales	Landbased	Admin.	Total
Revenue	236.0	125.7	19.1	-	380.8
<b>Total revenue</b>	<b>236.0</b>	<b>125.7</b>	<b>19.1</b>	<b>-</b>	<b>380.8</b>
Cost of sales	-165.5	-82.3	-11.5	-	-259.3
Gross profit	70.5	43.4	7.7	-	121.6
Gross margin	29.9%	34.5%	40.0%	-	31.9%
Employee expenses	-20.6	-13.2	-7.2	-6.8	-47.8
Other operating expenses	-12.9	-7.7	-1.9	-5.3	-27.8
<b>EBITDA before non-recurring items</b>	<b>37.0</b>	<b>22.5</b>	<b>-1.5</b>	<b>-12.2</b>	<b>45.8</b>
EBITDA before non-recurring items margin	15.7%	17.9%	-7.8%		12.0%
Non-recurring items	-	-	-18.6	-0.6	-19.2
<b>EBITDA</b>	<b>37.0</b>	<b>22.5</b>	<b>-20.1</b>	<b>-12.8</b>	<b>26.6</b>
Depreciation and amortisation	-6.9	-1.3	-2.7		-10.9
<b>Operating profit</b>	<b>30.1</b>	<b>21.2</b>	<b>-22.8</b>	<b>-12.8</b>	<b>15.7</b>

## Note 3 Intangible assets

## 1H 2020

(NOK million)	R&D	Technology	Goodwill
<b>Cost:</b>			
At 1 January 2020	78.8	32.5	136.1
Additions	33.5	-	-
Translation difference	3.8	-	-
<b>At 30 June 2020</b>	<b>116.1</b>	<b>32.5</b>	<b>136.1</b>
<b>Amortisation and impairment:</b>			
At 1 January 2020	(10.0)	(0.8)	-
Amortisation	(3.3)	(1.6)	-
Impairment	(0.9)	-	-
<b>At 30 June 2020</b>	<b>(14.2)</b>	<b>(2.4)</b>	<b>-</b>
<b>Carrying amount at 30 June 2020</b>	<b>101.8</b>	<b>30.1</b>	<b>136.1</b>

Useful life	3-15 years	10 years
Depreciation method	linear	linear

1H 2019	
(NOK million)	R&D
<b>Cost:</b>	
At 1 January 2019	45.5
Additions	6.7
<b>At 30 June 2019</b>	<b>52.2</b>
Amortisation and impairment:	
At 1 January 2019	(7.2)
Amortisation	(0.8)
<b>At 30 June 2019</b>	<b>(8.0)</b>
<b>Carrying amount at 30 June 2019</b>	<b>44.2</b>

2019			
(NOK million)	R&D	Technology	Goodwill
<b>Cost:</b>			
At 1 January 2019	45.5	-	-
Business combination	15.4	33.2	138.9
Additions	18.2	-	-
Translation difference	(0.3)	(0.7)	(2.8)
<b>At 31 December 2019</b>	<b>78.8</b>	<b>32.5</b>	<b>136.1</b>
Amortisation and impairment:			
At 1 January 2019	(7.2)	-	-
Amortisation	(2.8)	(0.8)	-
<b>At 31 December 2019</b>	<b>(10.0)</b>	<b>(0.8)</b>	<b>-</b>
<b>Carrying amount at 31 December 2019</b>	<b>68.8</b>	<b>31.7</b>	<b>136.1</b>

## Note 4 Leasing

Leasing liabilities are measured at the present value of the remaining lease payments, discounted with an interest rate of 4.5%. Leases with a lease term less than 12 months are accounted for as short-term leases. Low-value leases are also not capitalized.

### Lease liabilities recognised

(NOK million)	Unaudited 30.06.2020	Unaudited 30.06.2019	Audited 31.12.2019
Current lease liabilities	6.5	4.3	6.6
Non-current lease liabilities	14.5	9.8	14.9
<b>Total lease liabilities</b>	<b>21.0</b>	<b>14.1</b>	<b>21.4</b>

Right-of-use assets were measured at the amount equal to the lease obligation. The recognised right-of-use assets relate to the following type of assets:

#### Right of use assets

(NOK million)	Unaudited 30.06.2020	Unaudited 30.06.2019	Audited 31.12.2019
Properties	18.0	12.2	18.8
Equipment	1.3	0.5	1.3
Cars	1.3	1.2	1.1
Total right of use assets	20.6	13.9	21.2

### Note 5 Convertible loan and fair value adjustment of conversion rights

A part of the settlement of the purchase price for ETIA is a sellers' credit of EUR 4.2 million (vendor notes) payable 9 months after closing. The vendor notes are interest free and have an option to convert (conversion right) to Vow ASA's ordinary shares, at a conversion price of NOK 19.33 per share.

The vendor notes are valued at fair value at transaction, for both principal and the conversion right. Subsequently the principal is measured to its amortised cost and the conversion right are measured at its fair value as described:

- The vendor notes are discounted using an applied interest rate to reflect the net present value. If converted, the debt will be recognised as paid in equity.
- The conversion rights are valued using an option pricing model - if converted the value will be recognised as paid in equity. Change in the calculated value of the conversion rights is recognised in the P&L under financial items.

The change in fair value of the conversion rights, from 31 December 2019 to 30 June 2020, was NOK 18.2 million, mainly due to the decrease in the share price of Vow ASA in the period from 31 December 2019 at NOK 30.00 per share to NOK 22.00 per share as of 30 June 2020. The change is recognised in the P&L as a fair value change under financial items and will not have any cash effect.

#### Balance sheet value of convertible debt at 30.06.2020

(NOK million)	Unaudited 30.06.2020
Fair value - vendor notes	45.5
Fair value - conversion rights	6.7
	52.3

In July, the vendor notes were converted to shares by the issuance of 2 336 303 new shares. The share issue resulted in a total increase in the share capital of NOK 233 630. The new share capital was registered in the Companies' register ("Brønnøysund") on 22 July 2020 and the total number of outstanding shares following the issue is 108 899 869 shares.

## Note 6 Borrowing

### Long term borrowing:

(NOK million)	Unaudited 30.06.2020	Unaudited 30.06.2019	Audited 31.12.2019
Other long term interest-bearing debt	116.0	0.6	83.3
Conditional loans related to R&D (ETIA)	10.4	-	9.4
	126.4	0.6	92.7

### Short term borrowing:

(NOK million)	Unaudited 30.06.2020	Unaudited 30.06.2019	Audited 31.12.2019
Other short term interest-bearing debt	5.3	-	16.5
	5.3	-	16.5

### Bank overdraft / trade finance facility:

(NOK million)	Unaudited 30.06.2020	Unaudited 30.06.2019	Audited 31.12.2019
Bank overdraft facility	22.9	24.7	16.3
Trade finance facility	15.0	0.6	4.3
	37.9	25.3	20.6

The bank overdraft facility has a limit of NOK 50 million. The trade finance facility has a limit of NOK 15 million, in total NOK 65 million.

**STATEMENT BY THE BOARD OF DIRECTORS AND CEO**

We confirm, to the best of our knowledge, that the consolidated financial statement for the period 1 January to 30 June 2020 for Vow ASA have been prepared in accordance with current accounting standards and that the information in the accounts gives a true and fair view of the company and the group's assets, liabilities, financial position and results of operation. We also confirm, to the best of our knowledge, that the half year report includes a true and fair overview of the company's and the group's development, results and position, together with a description of the most important risks and uncertainty factors the company and the group are facing.

Lysaker, Norway, 25 August 2020,  
The Board of Directors and CEO  
Vow ASA

Narve Reiten  
Chairman

Bård Brath Ingerø  
Director

Susanne Schneider  
Director

Benedicte Bakke Agerup  
Director

Henrik Badin  
CEO