

# TRADING UPDATE AND HALF YEAR 2021 REPORT

Henrik Badin, CEO Vow ASA  
Oslo, 26 August 2021

**VOW**

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# ABOUT US

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- › Provider of world leading technologies to **eliminate pollution**, enhance **circular economy** and mitigate **climate change**
- › Offering **patented unique solutions** that turn waste and biomass into **CO2 neutral** energy, **decarbonised** energy, **low-carbon** fuels and **biocarbon**
- › **Proven ability** to continually **develop and deliver** technology and equipment for complex **industry scale solutions** and applications, in close **co-operation with customers**
- › **Strong backlog** of orders and **large installed base** for leading players in a wide range of industries, providing **recurring business**
- › **International footprint**, headquartered in Norway with subsidiaries in US, France and Poland

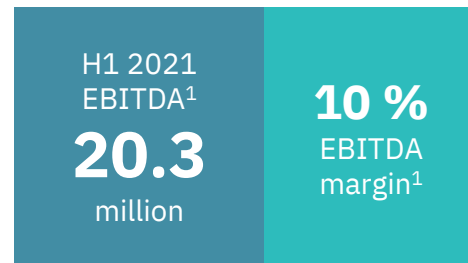




# **FINANCIAL AND OPERATIONAL HEADLINES**

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# KEY TAKEAWAYS



- H1 2021 revenues at **201 million**, down from 247 million in H1 2020. EBITDA margin remained at **10 %** level
  - **Aftersales** revenue reduced by 21 million due to covid-19 slowdown in cruise. Activity now slowly picking up
  - **Projects Cruise** continues to deliver strong results. EBITDA margin 26% year to date. Order backlog climbed to 974 million. Another 230 million added in Q3
  - **Landbased** continued to invest in organisation and new industry ventures. New contracts lift order backlog at end of June to 87 million
- Total **order backlog** including options leaped to an estimated record high 1.8 billion including cruise orders signed in Q3 this year
- Spin-off and listing of **Vow Green Metals** completed in July

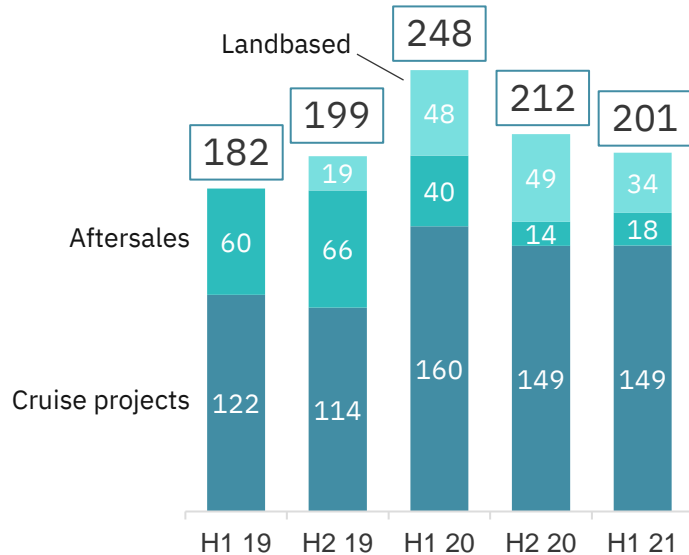
#### All amounts in NOK

<sup>1</sup> Before non-recurring items of NOK 4.1 mill primarily related to the demerger and stock exchange listing process for Vow Green Metals AS.

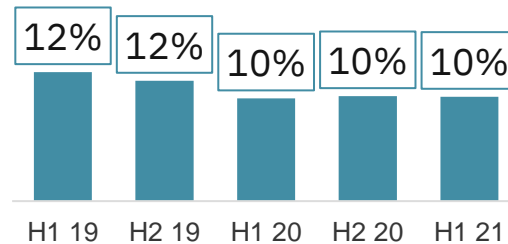
<sup>2</sup> Year-over-year (YoY) (backlog including options and at date of reporting)

# FINANCIAL KPIs

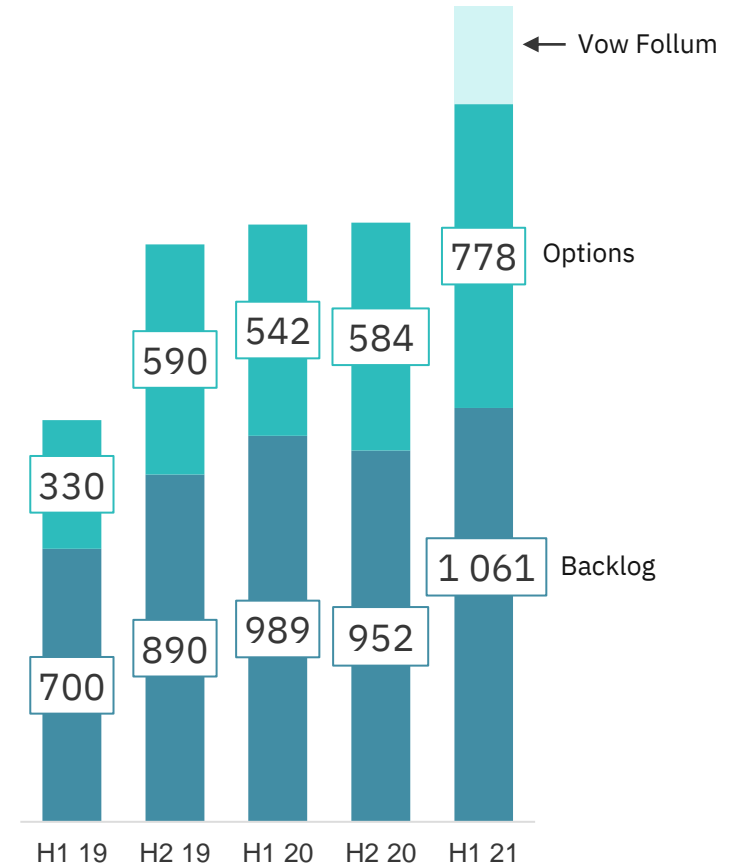
Aftersales marked by lock-down in cruise, overall profit margin remained strong



**Revenues**  
(in NOK million)



**EBITDA margin**  
Before non-recurring items



**Order backlog and options**  
(in NOK million)  
Including contracts awarded to date



# **BUSINESS UPDATE AND OUTLOOK**

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# CRUISE INDUSTRY REBOUNDS

Number of cruise ships at sea climb from **20 to 200** during summer, activity in aftersales set to increase



Recent newbuild and retrofit contracts for Scanship confirm cruise **industry's confidence** about future demand

- **February** Two wastewater purification systems on ships entering service in 2024/26
- **April** Retrofitting wastewater purification system on Carnival ship during drydock in 2021
- **June** Wastewater purification system for Royal Caribbean's seventh Oasis class ship, scheduled for launch in 2026
- **July** Contract for up to 10 (4 firm, 6 option) clean ship systems, with first delivery in Q1 2023

**Total cruise order intake** YTD **200 million**, and an additional **135 million** in options



# BUILDING LANDBASED STEP BY STEP

Experiencing strong demand across a **wide range of industry verticals and applications**, demonstrating the **versatility and relevance** of Vow's technology and solutions

## Recent contract awards



USD 5.15 million contract to install industry-scale **Biogreen** system in Georgia, USA, transforming biomass and bio-residues into high-quality biochar



A total of 5 new Safesteril systems for food safety confirmed in first half 2021, at a total value of EUR [3.1] million

## Project execution

Selection of ongoing deliveries to industrial sites



Biochar from cocoa shells and climate neutral gas for industry decarbonization



Biochar from garden waste for soil enrichment and CCS



Climate neutral gas for industry decarbonization

## Business development

Strategic partnerships, demonstrating relevance of Vow solutions in new industry verticals



Steel production and manufacturing



Climate neutral gas production to decarbonize refinery operations

Undisclosed partner

Minerals and cement production

# VOW GREEN METALS LAUNCHED AND LISTED



Henrik Badin  
CEO Vow

Cecilie Jonassen  
CEO Vow Green Metals

- Demerger and launch of Vow Green Metals completed in July 2021, first day of trading 12 July
- CEO Cecilie Jonassen on board from mid-August, bringing broad experience from pulp and paper industries
- Vow is working closely with Vow Green Metals on detail design of Follum plant. Ca 200 mill contract for long lead equipment being confirmed in Q3



**Initiating Coverage:** Who Says Money Doesn't Grow on Trees?

# GROWTH SUPPORTED BY 'GREEN' CAPITAL

Policies and fiscal stimuli drive investors and lenders towards low-carbon industries



- Successful **private placement** raising 230 million gross proceeds to Vow, providing initial funding to Vow Green Metals, further build-up and development and landbased business
- Secured 320 million long-term '**green financing**' at attractive terms from DNB, the bank, establishing strong financial foundation for further innovation and project development in land based industries
- Enova confirmed **state grant** of up to 80.7 million to support Vow's project for industrial production of biocoal for metallurgical industry at Vow Green Metals's Follum plant

# CONCLUDING REMARKS

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- › Covid-19 lock-down continued to affect financial performance in first part of 2021, especially in Aftersales (cruise)
- › Cruise industry now in recovery, several contracts for newbuilds and retrofits confirmed, activity in aftersales gradually increasing
- › Robust order backlog of 1.1 billion at end of June, providing good visibility and revenues well into 2024/25
- › Demerger of Vow Green Metals successfully completed, company listed on 12 July. Contract for delivery of equipment and systems to be confirmed shortly
- › High activity in Landbased as current and prospective customers rush to decarbonize their value chain to meet new regulation, economic realities and consumer expectations





# THANK YOU FOR YOUR ATTENTION

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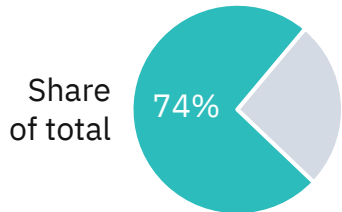
**ADDITIONAL MATERIAL  
SEGMENT INFORMATION**

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# PROJECTS | CRUISE

- › Half-year revenues slightly down y-o-y due to phasing of project delivery schedules. Activity picking up in Q2
- › EBITDA improved. Proven and efficient delivery model continues to produce strong EBITDA margin
- › Retrofit and newbuild contracts bring order backlog to record level as confidence in the cruise industry returns

NOK **149.3** million  
revenues

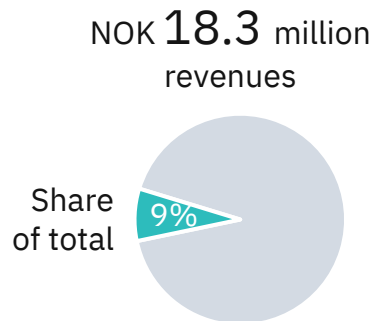


NOK million	H1 21	H1 20	2020
Revenues	<b>149.3</b>	160.1	309.2
EBITDA	<b>38.3</b>	35.0	70.9
EBITDA margin (%)	<b>25.7%</b>	21.8%	22.9%
Backlog <sup>1</sup>	<b>974</b>	933	924



# AFTERSALES | CRUISE

- Demand firming up as cruise liners are resuming operations following roll-out of Covid-19 vaccine
- Revenues reduced by 21.4 million YoY, Q2 2021 shows clear sign of improvements over previous quarters



NOK million	H1 21	H1 20	2020
Revenues	<b>18.3</b>	39.7	53.3
EBITDA	<b>- 0.6</b>	4.8	- 0.3
EBITDA margin (%)	<b>- 3.3%</b>	12.1%	- 0.6%

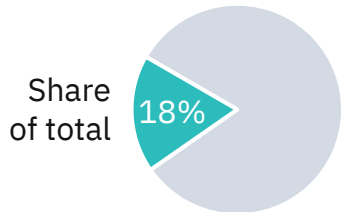




# LANDBASED

- Revenues and profit reflect high activity on process optimisation, commissioning of systems and business development with new industry partners in landbased verticals
- Backlog increased as Biogreen technology continues to prove relevance across a wide range of industries
- Engineering of Biogreen plant for Vow Green Metals' Follum plant well underway

NOK **16.8** million  
revenues



NOK million	H1 21	H1 20	2020
Revenues	<b>33.8</b>	48.0	97.2
EBITDA	<b>- 9.1</b>	- 7.1	- 10.2
EBITDA margin (%)	<b>- 26.9%</b>	- 14.8%	- 10.4%
Backlog	<b>87</b>	56	28

*EBITDA before non-recurring items*

