

Keeping up the pace

Oslo, 29 April 2021 – Vow ASA again reported strong performance in its Projects Cruise business in the first quarter this year, and it announced important partnerships for industry decarbonisation with leading landbased industrial groups. The order backlog remains solid at NOK 969 million. The aftersales business, meanwhile, continued to be affected by the Covid-19 pandemic.

Group revenues in the first quarter of 2021 came in at NOK 92.7 million, which is NOK 23.4 million less than first quarter last year. The change is mainly a result of the slow-down in Aftersales related to cruise ships being docked as a consequence of Covid-19. This segment would in a normal year have represented around NOK 25-30 million higher revenues in the quarter.

EBITDA before non-recurring items was NOK 10.2 million, down from NOK 14.0 million in the same period last year, mainly explained by the decline in EBITDA in Aftersales, and high activity in Landbased related to commissioning of systems and process integration with the aim of meeting current customers' demand for industry scale solutions.

The order backlog currently stands at NOK 969 million, including orders won in April, up from NOK 952 million at year-end, and from NOK 975 million at the end of the first quarter last year. In addition to the firm backlog, shipowners have placed options on the newbuild series being equipped with Scanship systems amounting to NOK 665 million in likely future revenues related to the Projects Cruise segment.

“Our performance in the Projects Cruise business is remarkable, as is the cruise operators' commitment to renew and upgrade their fleets to new environmental standards. We have signed three new contracts for newbuilds and retrofits so far this year, and in Aftersales we are seeing signs of increased activity”, said Henrik Badin, CEO of Vow ASA.

“First quarter 2021 will also be remembered for our launch of Vow Green Metals, a new company which will offer decarbonising as a service. The company will be spun off to Vow's shareholders, with Vow itself retaining 30.5 percent ownership”, Badin added.

During the quarter, Vow successfully completed a private placement raising gross proceeds of NOK 230 million. Parts of the proceeds will be used as initial funding of Vow Green Metals. Vow Green Metals is planning to build a full-scale facility for production of biocarbon and CO₂ neutral energy based on Vow technology at Follum in Eastern Norway. Vow Green Metals will be an important customer for Vow's Landbased business going forward.

Key figures – Vow Group

<i>Amounts in NOK million</i>	Q1 2021	Q1 2020	2020
Revenues	92.7	116.1	459.8
EBITDA before non-recurring items	10.2	14.0	46.6
<i>EBITDA before non-recurring items margin %</i>	<i>11.0%</i>	<i>12.1%</i>	<i>10.1%</i>
Order backlog	969	975	952

Segments and operational update

Vow ASA is organised and report in three operating segments: Projects Cruise, Aftersales and Landbased. Projects Cruise and Aftersales comprise the Scanship business. Landbased includes the ETIA operations, as well as the newly established subsidiary Vow Industries and other landbased projects in Norway.

Projects Cruise

<i>Amounts in NOK million</i>	Q1 2021	Q1 2020	2020
Revenues	68.7	60.0	309.2
EBITDA before non-recurring items	18.1	14.6	70.9
<i>EBITDA before non-recurring items margin %</i>	<i>26.3%</i>	<i>24.3%</i>	<i>22.9%</i>
Order backlog	936	942	924

Projects Cruise delivered solid progress in both revenues and EBITDA before non-recurring items in the first quarter this year. The result is partly a result of phasing of projects, but also and more importantly, quality, and efficient deliveries by the team.

In February, Vow was awarded a 5.7-million-euro contract with a major European shipyard for the delivery of two advanced wastewater purification systems. The Scanship systems will be installed on two cruise ships to enter service in 2024 and 2026. Scanship has previously equipped six cruise ships under the same European brand. The technology to be delivered by Scanship will purify all wastewater generated from 6,500 people onboard to the highest international discharge regulations, in line with newly enforced Baltic sea standard and according to continuous Alaskan water discharge requirements. The contract includes a 5.7 million option contract for two additional vessels.

In April, Vow was awarded a retrofit contract with Carnival Cruise Line to deliver its advanced wastewater purification system to Carnival Dream. The system will be installed aboard the vessel during a scheduled drydock in 2021. For Scanship, this will be the thirty first wastewater purification system installed on existing ships in operation, and one of the largest retrofit projects within this business area for the company to date.

These and other smaller contracts lifted the order backlog to a record high NOK 936 million at the end of first quarter 2021, with contracts awarded in April counted in, plus NOK 665 million in options and likely deliveries to sister ships.

Aftersales

<i>Amounts in NOK million</i>	Q1 2021	Q1 2020	2020
Revenues	7.3	32.0	53.3
EBITDA before non-recurring items	0.3	7.1	-0.3
<i>EBITDA before non-recurring items margin %</i>	<i>4.1%</i>	<i>22.2%</i>	<i>-0.6%</i>

The Aftersales segment has been particularly affected by the Covid-19 pandemic, and in the first quarter of 2021 revenues came in at NOK 7.3 million, down from NOK 32.0 million in the same period last year.

The majority of cruise ships have been docked since March 2020 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.

After posting a negative EBITDA result in 2020, EBITDA before non-recurring items turned positive in the first quarter of 2021, corresponding to a margin of 4.1%.

This segment usually delivers a strong EBITDA margin. Vow estimates that under more normal circumstances, the year-to-date EBITDA would have been around NOK 7 million higher.

Vow has kept employees and capacity available for mobilisation on short notice throughout the first quarter.

As long as the majority of cruise ships are docked due to Covid19, Vow expects its Aftersales segment to continue to be negatively impacted. The major cruise operators have indicated a gradual start of cruise operations from June/July this year.

With more newbuilds being delivered to the market with Vow systems, the market for sales of spares, consumables and service is growing.

Landbased

<i>Amounts in NOK million</i>	Q1 2021	Q1 2020	2020
Revenues	16.8	24.1	97.2
EBITDA before non-recurring items	-4.4	-3.7	-10.2
<i>EBITDA before non-recurring items margin %</i>	<i>-26.2%</i>	<i>-15.4%</i>	<i>-10.5%</i>
Order backlog	33	33	28

In the first quarter of 2021, the Landbased segment reported revenues of NOK 16.8 million. EBITDA before non-recurring items came in at a negative of NOK 4.4 million, reflecting high activity in sales and marketing, business development and process optimisation in ongoing projects. Vow continued to deliver on several milestone projects, and in April its subsidiary ETIA was awarded two new contracts to a total value of EUR 1.7 million for the delivery of Safesteril® units for sterilisation of spices.

In February, Vow launched Vow Green Metals, which will be spun off to existing shareholders and listed in the second quarter this year. Vow Green Metals will offer industrial production of biocarbon to the metallurgical industry through a “build-own-operate” model, and focus on commercialisation, development, and further expansion of the biocarbon business.

Vow Industries will remain wholly owned and part of Vow ASA, and act as an incubator for other potential spin-offs in the future. Vow will continue to develop and deliver technologies, solutions and innovative business models that convert biomass and waste into valuable resources and generate clean and CO₂ neutral energy to customers in a wide range of industries at sea and on land.

Other financials

Corporate administrative costs not allocated to any of the operating segments amounted to NOK 3.8 million in the first quarter this year, compared with NOK 4.0 million in the corresponding quarter last year.

In March 2021, it was announced that Vow had successfully completed a private placement through the allocation of 5 000 000 new shares at an offer price of NOK 46, raising gross proceeds to the company of NOK 230 million.

The net proceeds will be used mainly to accelerate growth by providing initial funding to Vow Green Metals, to further build up and develop ETIA, to pursue near-term growth opportunities such as the recently signed co-operation agreement with ArcelorMittal and Repsol and to maintain a leading position by investing in further R&D and technical development as well as potential value creating, strategic transactions.

Outlook

Vow continues to support its customers in their quest to decarbonise their value chains and become more environmentally sustainable.

As a provider of world leading technologies that can eliminate pollution, enhance circular economy and mitigate climate change, and a proven ability to deliver reliable technology at a competitive price, Vow is well positioned to meet the global trends of replacing fossil carbon and turning waste into valuable resources.

The cruise industry continues to grow as cruise liners place new orders, although some newbuild programmes may still be delayed as a consequence of the current market situation. Vow is confident about the long-term market outlook for its cruise related operations, and these growth prospects are supported by increasing demand for solutions for cleaner oceans.

As long as the majority of cruise ships are docked due to Covid-19, Vow expects its Aftersales segment to continue to be negatively impacted. As an increasing share of cruise ships are delivered with Vow systems, the aftersales market is growing, and Vow remains positive about the long-term market opportunities for Aftersales.

Through the acquisition of ETIA in October 2019, Vow strengthened its presence in landbased industries, including new geographies and verticals. Vow continues to make investments in the Landbased segment to support growth and profitability going forward and is working closely with its valued customers and partners to refine technology and solutions.

For further queries, please contact:

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About Vow ASA

In Vow and our subsidiaries Scanship and Etia we are passionate about preventing pollution and giving waste value. Our world leading solutions convert biomass and waste into valuable resources and generate clean energy for a wide range of industries.

Cruise ships on every ocean have Vow technology inside which processes waste and purifies wastewater. Fish farmers are adopting similar solutions, and public utilities and industries use our solutions for sludge processing, waste management and biogas production on land.

Our ambitions go further than this. With our advanced technologies and solutions, we turn waste into biogenetic fuels to help decarbonise industry and convert plastic waste into fuel, clean energy, and high-value pyro carbon.

Our solutions are scalable, standardized, patented, and thoroughly documented, and our capability to deliver is well proven. They are key to end waste and stop pollution.

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