

Q1 2020 TRADING UPDATE

Questions asked during webcast

Below please find a list of questions received during the Q1 trading update on 28 April 2020 and corresponding answers and comments.

- Please provide more details on the revenue growth per segment
Vow only reports detailed segment information every half year. Broadly speaking, ETIA's revenues in Q1 was around NOK 24 million.
- Why was the margin so good in Scanship? Project mix?
Revenues and profits in Projects depends on the timing of deliveries. We typically book a bigger share of revenues and profits closer to project completion. In the period, the company had progress in projects with higher margins driven both by efficiency improvement and a weaker NOK. Also, margins in the Aftersales segment was relatively high in Q1.
- What are the drivers behind lower aftersales in 2Q and is it leading for project sales as such?
There is no direct connection between project and aftersales. Activity in Aftersales is down in Q2 as many ships are docked and access could be restricted. Most ships are however 'warm stacked', meaning that we continue to deliver some consumables.
- Any comments on working capital, payment terms?
There is nothing particular to report in this regard, however as stated in the presentation, company is sufficiently capitalized.
- Are all orders in the backlog in NOK or in other currencies?
Most orders are in USD or EUR and converted to NOK in our accounts. A weaker NOK compared to USD and EUR means that the order backlog in NOK will increase.
- How is the order development in Landbased segment affected by covid-19, if any?
We see a continued keen interest from customers in several industry verticals for ETIA's technology.
- In March you stated that you were 'pleased to see that new orders are being placed with your aftersales business'. Now you state that aftersales will be down in 2020. Can you comment on the timing of execution of these new aftersales contracts?
Aftersales is typically a short-term business. We supply consumables and service our equipment when required. When most ships are docked, the demand for such services are reduced. With the statement in March we wanted to inform that there were still orders placed for consumables even if most of cruise ships were docked at that time.

- Many countries are re-adapting one-time use plastics as a result of covid-19. Does this open any opportunities for Vow to implement their technologies in new geographies?
It is still too early to see any concrete effects of this shift towards one-time use plastics, but this is certainly an area which we will follow carefully going forward. The company is developing its offering also for this type of application.
- What was the growth in revenues compared with Q1/19 if you adjust for the acquisition of ETIA?
As stated in the trading update, the inclusion of ETIA was the main reason for the year-on-year increase in revenues. Numbers are provided in the report.
- How much of revenue growth is a result of changes in fx rates?
The change in fx rates increases the revenue in Q1 with approximately 5 %
- How is interest in the retrofit business? What's your view on the cruise companies' willingness to invest in such technology now, versus the contracts where you have yards as main counterparts?
Now, during the Covid-19 shut down for the cruise ship companies, we are not discussing major retrofits. However, we expect to reenter discussions once the ships resume back into regular operations.
- How much of the backlog is for remaining 2020, for year 2021 and 2022 and beyond?
We are not providing such detailed guiding.