



# VOW

**Report for the second half  
and full year of 2021**

**Vow ASA**

## HIGHLIGHTS

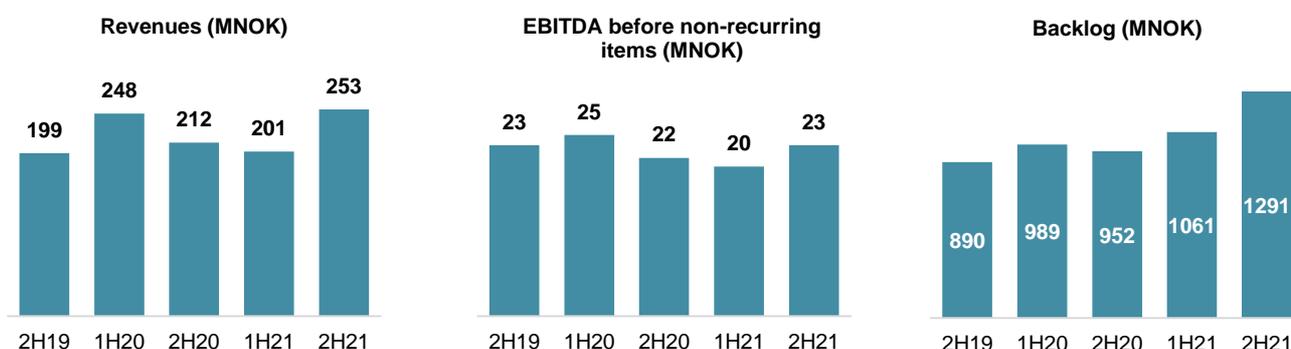
### Second half year

- **Milestone order secured** with Vow Green Metals to deliver process equipment, engineering and project support to a total value of NOK 215 million to Europe's largest biocarbon production plant
- Technology demonstrated through **successful start-up and commissioning at several sites**
- **Fair value gain from demerger of Vow Green Metals (VGM) operations** from Vow ASA recorded under financial items with an income of **NOK 341.6 million**. VGM listed on Oslo Børs 12 July 2021.
- **All time high order backlog** of NOK 1.3 billion, supported by a 40 per cent increase in order intake for Projects Cruise and an equally strong progress for Landbased
- **19 per cent revenue increase** in the second half of the year to NOK 252.6 million
- **Positive EBITDA development** during the half-year period, all time high quarterly EBITDA in Q4
- **10 per cent EBITDA margin** for the full-year 2021, on a par with 2020 performance, and a strong end to the year:
  - Improved EBITDA margin for **Projects Cruise** for the full-year period
  - Positive EBITDA contribution from **Aftersales** in 2H 2021, starting in Q4
  - Positive EBITDA contribution from **Landbased** in 2H 2021; strong Q4 with a record EBITDA margin of 12.7 per cent

### Consolidated key figures

Amounts in million NOK (except percentages)

	Second half year		Full year	
	2021	2020	2021	2020
Revenues	252.6	212.0	454.1	459.8
EBITDA before non-recurring items	23.2	22.1	43.5	46.6
EBITDA before non-recurring items margin %	9 %	10 %	10 %	10 %
Net financial items	322.3	-9.2	315.7	11.5
Result before tax	325.1	-6.7	325.1	28.1
Project backlog	1 291	952	1 291	952
Total assets	1 108	710	1 108	710
Total equity	526	321	526	321



## FINANCIAL REVIEW

Vow ASA reports its operations in three segments; Projects Cruise, Aftersales and Landbased. Further comments are provided under each of the business segments.

### Financial results

#### Profit and loss

**Revenues** for Vow ASA (Vow) amounted to NOK 252.6 million for the second half of 2021, compared with NOK 212.0 million for the corresponding period of 2020. The increase in revenue is driven by strong progress in both the Aftersales and Landbased segments. The Aftersales segment demonstrated solid recovery following a period of negative impact from the Covid-19 pandemic. In Landbased, revenues grew by 50.8 per cent from the corresponding period of 2020. This progress was driven by the order with Vow Green Metals (VGM) for delivery of equipment and engineering to the Follum plant.

For the full year of 2021, Vow recorded revenues of NOK 454.1 million, compared with NOK 459.8 million in 2020.

**The gross margin** for the second half of 2021 was recorded at 38.6 per cent, on par with the 39.1 per cent for the same period of 2020. For the full year, the gross margin came in at 37.8 per cent compared with 35.7 per cent for 2020.

**EBITDA before non-recurring items** amounted to NOK 23.2 million for the second half of 2021, representing a margin of 9.2 per cent, compared with NOK 22.1 million and a margin of 10.4 per cent for the corresponding period of 2020. Both the Aftersales and the Landbased segment recorded positive EBITDA results in the second half of 2021, following negative EBITDA contributions in the same period of 2020.

Projects Cruise recorded an EBITDA of NOK 31.1 million in the second half of 2021, somewhat lower than the EBITDA of NOK 35.9 million in the same period last year. For the full year 2021 the EBITDA for Projects Cruise was recorded at NOK 69.4 million, with an EBITDA margin at 23.6 per cent, compared with NOK 70.8 million and an EBITDA margin of 22.9 per cent in 2020.

For the full year, EBITDA before non-recurring items for the Vow group came in at NOK 43.5 million, compared with NOK 46.6 million for 2020.

**EBITDA** came in at NOK 17.5 million for the second half of 2021, compared with NOK 14.2 million for the same period last year.

In the second half of 2021, Vow had non-recurring costs of NOK 5.7 million related to the demerger and stock exchange listing process for Vow Green Metals AS and costs related to strategy processes and organisational build-up in the preparation for future growth. In the second half of 2020 the non-recurring costs were recorded at NOK 7.9 million.

For the full year, EBITDA came in at NOK 33.7 million, compared to NOK 38.4 million for 2020.

**Depreciation and amortisation** amounted to NOK 14.7 million for the last six months of 2021, compared with NOK 11.7 million for the same period last year.

For the full year, depreciation and amortisation came in at NOK 24.3 million, compared with NOK 21.8 million in 2020.

This gave an **operating result** (EBIT) of NOK 2.9 million for the second half of 2021, an increase from NOK 2.6 million for the same period last year.

For the full-year period, Vow reports an operating result of NOK 9.4 million in 2021, compared with NOK 16.6 million in 2020.

**Net financial items** for the second half of 2021 includes a gain from the demerger of the VGM operations from Vow ASA with an income of NOK 341.6 million. This gain reflects the fair value adjustment and value creation of the demerger and stock exchange listing process of VGM.

The net financial items for the second half of 2021 also includes Vow ASA's share of net profit from the associated company VGM including internal gain effects, recorded as a financial cost of NOK 7 million.

The net other financial items in the second half of 2021 were recorded with a financial cost of NOK 12.4 million, compared with a financial cost of NOK 16.0 million for the same period in 2020.

In total Net financial items were recorded with a financial income of NOK 322.3 million in the second half of 2021, compared with a financial cost of NOK 9.2 million in the second half of 2020.

For the full year 2021, Net financial items were recorded with an income of NOK 315.7 million, compared with an income NOK 11.5 million in 2020.

**The result for the period** came in at NOK 326.6 million, compared with a loss of NOK 0.4 million for the same period last year. The result for the year 2021 was recorded with NOK 326.1 million, compared with NOK 27.9 million for the year 2020.

### Cash flow

**Operating activities** generated a positive cash flow of NOK 40.9 million for the second half of 2021, significantly higher than the NOK 17.7 million for the same period in 2020.

For the first six months of 2021 the cash flow from operations was negative with NOK 35.9 million, and the difference between first and second half of 2021 is related to timing of payments from customers and payments to suppliers, and net working capital.

For the full year of 2021, operating cash flow ended at NOK 5.0 million, compared with a negative of NOK 5.4 million for 2020.

Compared to cruise newbuilding the Aftersales business segment also requires significantly less net working capital. The continued return to more normal cruise operations in 2022 will therefore also have a positive effect on the cash flow from operations.

**Investing activities** in the second half of 2021 includes the NOK 150 million in cash equity increase in VGM prior to the demerger from Vow ASA. The other net investing activity of NOK 44.1 million is primarily the investments made within R&D and intangible assets to strengthen and

develop the Landbased segment.

For the full year 2021, investments made within R&D and intangible assets amounted to NOK 86.1 million compared with NOK 64.7 million for the full year 2020.

**Financing activities** in the second half of 2021 generated a negative cash flow of NOK 9.4 million primarily related to interest cost paid and downpayment of long-term loan.

For the full year 2021, cash flow from financing activities was positive with NOK 353.7 million following both the equity financing in March and the new long-term loan financing drawn up in June. For the full year 2020 cash flow from financing was positive with NOK 11.1 million.

### Financial position

As of 31 December 2021, Vow had total assets of NOK 1 108.4 million, compared with NOK 709.7 million at the end of 2020.

The increase in the total assets, liabilities and equity in the group follows the new equity and long-term debt financing, preparing for future growth. The new NOK 170 million term loan with DNB was drawn up as per 30 June 2021. The new Revolving Credit Facility (RCF) of NOK 150 million is undrawn as per 31 December 2021.

The total assets in the group is also affected by Vow Green Metals AS now being recorded as an associated company of Vow ASA, with the 30.5 per cent ownership share.

In March 2021, Vow completed a private placement through the allocation of 5 000 000 new shares at an offer price of NOK 46, raising net proceeds to the company of NOK 218.5 million. The majority of the proceeds were allocated as as initial funding of Vow Green Metals.

At the end of December 2021, Vow had total equity of NOK 525.6 million, representing an equity share of 47 per cent, compared with NOK 320.8 million at the end of 2020, representing an equity share of 45 per cent.

## 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 decarbonisation include cruise, biogas, minerals, metallurgical, plastic to energy, end-of-life tires, power to heat, waste management, agricultural, aquaculture and food sterilisation.

### Key events

In July, Vow Green Metals was spun off to existing shareholders and listed on Euronext Growth Oslo with first day of trading 12 July 2021. Following this listing, Vow retained a 30.5 per cent ownership share in Vow Green Metals, thereby maintaining a significant ownership stake in this new industrial company. For accounting purposes Vow Green Metals AS changed from being a 100 per cent owned subsidiary to become an associated company owned 30.5 per cent as from the time of the listing.

In addition to the firm order intake of NOK 203 million on cruise newbuilding in the second half of the year, Vow announced two significant retrofit contracts in December for a total contract value of NOK 61 million.

In December, Vow's subsidiary ETIA received confirmation from Repsol to deliver a pilot plant using ETIA pyrolysis technology. The pilot plant will demonstrate the capabilities of Vow Biogreen® systems integration in petrochemical and refineries sites for processing alternative feedstock to generate fuels and materials with low carbon footprint. This contract is a result of the strategic partnership agreement with Repsol which was entered in October 2020 to explore multiple applications and solutions to produce

clean and renewable energy for CO2 emission reduction.

### Order backlog

Vow secured a number of new contracts in 2021, 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 the climate and the environment.

At year-end 2021, Vow had a total order backlog of NOK 1 291 million, up from NOK 952 million at the start of the year. Of the total backlog, NOK 1 012 million relates to the Projects Cruise segment, while the remaining NOK 279 million relate to the Landbased segment.

On top of the firm backlog, Vow ASA had secured option agreements related to the Projects Cruise segment to a total value of NOK 826 million at 31 December 2021.

### Segments

Vow ASA is organised in three operating segments; Projects Cruise, Aftersales and Landbased. In addition there is a segment named Administration, which represents costs that are not allocated to the business segments, as the costs are more related to headquarter and listing of the Vow group.

The segment Projects Cruise 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 Cruise

<i>NOK million</i>	2H 2021	2H 2020	2021	2020
Revenues	144.8	149.1	294.2	309.2
EBITDA	31.1	35.9	69.4	70.8
<i>EBITDA margin</i>	21.5 %	24.1 %	23.6 %	22.9 %
Backlog	1 012	924	1 012	924

**Revenues** from the Projects Cruise segment amounted to NOK 144.8 million for the second half of 2021, relatively in line with the NOK 149.1 million recorded for the same period in 2020.

For the full year, the segment recorded revenues of NOK 294.2 million, compared with NOK 309.2 million in 2020.

**EBITDA** for the segment came in at NOK 31.1 million for the period, somewhat lower than the EBITDA of NOK 35.9 million for the same period in 2020. The first and second half year in 2021 has a somewhat different composition of projects, with slightly more costs occurred in the second half year 2021.

For the year as a whole, the EBITDA was recorded at NOK 69.4 million, relatively in line with the EBITDA of NOK 70.8 million in 2020, and with an EBITDA margin of 23.6 % in 2021 compared with 22.9 % in 2020.

**Order backlog** for segment Projects Cruise was NOK 1 012.4 million at 31 December 2021, compared with NOK 924 million at year-end 2020.

In July, Vow was awarded serial cruise newbuild contracts for up to EUR 22.2 million by a major European shipyard. Through its subsidiary Scanship AS, Vow was awarded ten contracts for its clean ship systems, of which four contracts are firm orders at a total value of EUR 8.9 million and six contracts are optional contracts at a total value of EUR 13.3 million.

In October, Vow subsidiary Scanship AS was awarded a serial cruise newbuild contract valued at up to EUR 13.8 million by a major European shipyard. The contract includes Scanship's clean ship systems for up to four cruise ships, of which two orders are firm at a total value of EUR 6.9 million and two are optional at a total value of EUR 6.9 million.

Also in October, Vow was awarded a contract to supply its advanced wastewater purification system, food waste processing and garbage handling for a cruise ship to enter service in 2024 within the global fleet of Carnival Corporation. Scanship will deliver all equipment under this contract during fall of 2022.

In December, Vow was awarded a USD 5.2 million retrofit contract with one of the major cruise line companies through Scanship. The contract is the fourth retrofit for this shipowner and includes the supply and installation of Scanship's advanced wastewater purification systems onboard a cruise ship with the capacity to process all wastewater generated from 5 000 people.

Later in December, Scanship secured another retrofit contract with Royal Caribbean to a total value of USD 1.6 million. The most recent contract involves upgrading of the advanced wastewater purification systems on board Royal Caribbean's cruise ship "Voyager of the Seas".

Total order intake for the last six months of 2021 for the segment was NOK 264 million.

During 2021 the segment announced eight contract awards, representing system deliveries to ten cruise newbuildings and three retrofit contracts. The total order intake for the segment in 2021 was NOK 374 million.

**Operational activity** for the Scanship subsidiary continued on a high level in the second half of 2021 with system deliveries to 8 cruise newbuilds. In addition, Scanship commissioned 3 newbuild projects and 3 retrofit projects in the second half of 2021.

## Aftersales

NOK million	2H 2021	2H 2020	2021	2020
Revenues	33.6	13.6	51.9	53.3
EBITDA	1.0	(5.0)	0.4	(0.2)
EBITDA margin	3.0 %	(36.8 %)	0.8 %	(0.4 %)

**Revenues** for the Aftersales segment came in at NOK 33.6 million for the period, compared with NOK 13.6 million for the same period in 2020. The increase in revenues reflects a significant shift in activity levels in this segment in the last six months of the year.

Since March 2020, the Aftersales segment has been affected by the Covid-19 pandemic, but throughout 2021 travel restrictions have been eased and cruise ships have gradually resumed operations. At year-end 2021 approximately 60 per cent of the world's cruise fleet was back in normal operations.

**EBITDA** for the segment came in at NOK 1.0 million for the second half of the year, compared with a negative EBITDA of NOK 5.0 million in the second half of 2020. The improvement was driven by the higher revenue base.

For the full year, EBITDA from Aftersales was NOK 0.4 million, compared with negative NOK 0.2 million for 2020.

## Landbased

<i>NOK million</i>	2H 2021	2H 2020	2021	2020
Revenues	74.2	49.2	108.0	97.2
EBITDA*	2.0	(3.1)	(7.1)	(10.2)
EBITDA* margin	2.7 %	(6.2 %)	(6.6 %)	(10.4 %)
Backlog	279	28	279	28

\* Before non-recurring items

**Revenues** for the Landbased segment amounted to NOK 74.2 million for the second half of 2021, compared with NOK 49.2 million in the second half of 2020. The progress is driven by the order with Vow Green Metals for delivery of equipment and engineering to the Follum plant.

Vow has invested significantly in the ETIA operations and the Landbased segment, both through operating expenses and R&D investments. This to further develop the revenue base and profitability of this business segment.

**EBITDA before non-recurring items** for the segment came in at NOK 2.0 million for the second half of the year, compared with a negative NOK 3.1 million for the same period in 2020. The EBITDA performance improved during the period, and the Landbased segment reported an EBITDA margin of 12.7 per cent for the last three months of the year 2021.

The business segment had non-recurring costs of NOK 1.7 million in the second half of 2021, representing the segment's share of the non-recurring costs incurred for the group. In the second half of 2020 the Landbased segment had non-recurring costs of NOK 7.9 million.

**EBITDA** for the segment came in at NOK 0.3 million for the second half of 2021, compared with a negative of NOK 10.9 million for the corresponding period of 2020.

For the full year, EBITDA for Landbased was negative NOK 10.1 million, compared with negative NOK 18.3 million for 2020.

**Order backlog** for the Landbased segment amounted to NOK 278.6 million at year-end 2021, up from NOK 27.6 million one year earlier.

In October, a milestone order was secured with Vow Green Metals to deliver process equipment, engineering and project support for a total value of NOK 215 million to the Follum plant in Norway.

In December Vow ASA's subsidiary ETIA received an order from Repsol to deliver a pilot plant using ETIA pyrolysis technology, as also noted under the Key events section earlier.

See also the Recent events section below for comments on the Letter Of Intent (LOI) signed with a global non-ferrous metal producer in the beginning of February 2022.

Total order intake for the Landbased segment in 2021 was NOK 340.5 million.

## Administration cost

Administration costs are costs that are not allocated to the segments, as they are related to group operations, headquarter and the listing of the group, rather than to a specific segment. The costs for this segment amounted to NOK 10.9 million for the second half of 2021, compared with NOK 5.8 million for the second half of 2020.

In addition this segment has in 2021 recorded non-recurring costs related to the demerger and stock exchange listing process for Vow Green Metals AS, and the financing processes, as well as share of other non-recurring costs. In the second half of 2021 these non-recurring costs amounted to NOK 2.9 million.

## ENVIRONMENTAL, SOCIAL AND CORPORATE GOVERNANCE (ESG)

Vow's business is built on the fundamental belief that we need to take better care of the world. Vow takes a holistic view on our business and its impact on environmental, social and governance (ESG) topics. Detailed information about sustainability performance will be available in the group's Annual and Sustainability Report upon publication in April. Some key insights on sustainability performance are described below.

### Environment and climate action

In Vow, we are passionate about preventing pollution, giving waste value, and mitigating climate change. Vow's technology and solutions enable our customers to manage their waste and energy challenges in a sustainable manner. Our waste to energy carbon capture technology reduces the use of fossil fuels and lower CO2 emissions. Thus, we are contributing to a low carbon and circular economy.

Vow is also recognising the importance of taking responsibility for our own environmental footprint. Therefore, Vow is working on climate accounts in accordance with the Greenhouse Gas (GHG) Protocol and has ambitions to actively reduce emissions from own operations.

### Social responsibility

Vow is promoting responsible business practices to the benefit for people and society. Human rights are the cornerstone of social sustainability. Vow is currently assessing our processes against the Norwegian Transparency Act to ensure full compliance with the required human rights due diligence procedures.

Employees who feel safe at work help Vow succeed with our mission. Based on risk management and a vision of zero harm to people, Vow is working to continuously improve its occupational health and safety procedures.

Vow has a diversified workforce and works on equality and non-discrimination in accordance with the Norwegian Equality and Non-Discrimination Act.

### Sustainability governance

During 2021 Vow has established key roles and functions to ensure that sustainability issues are properly managed and reported on. The Global Reporting Initiative (GRI) is the overarching framework for the group's annual sustainability reporting. Vow is continuously working to improve its GRI reporting and to implement the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

## 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 ticker VOW.

In March 2021 Vow completed a private placement through the allocation of 5 000 000 new shares at an offer price of NOK 46, raising net proceeds to the company of NOK 218.5 million. The majority of the proceeds were allocated as initial funding of Vow Green Metals.

In October 2021, 380 000 new shares were issued at NOK 16.74 per share following the exercise of employee stock options.

Following registration of the new share capital, the share capital of Vow ASA was NOK 10 718 827 divided into 114 639 870 shares at year-end 2021.

During the second half of 2021, the Vow share traded between NOK 20.84 and NOK 40.19 per share, with a closing price of NOK 23.46 per share at 30 December 2021.

A total of 26.0 million shares were traded during the second half of 2021, representing 22.7 per cent of the total number of shares outstanding. The average volume traded daily was approximately 200 325, compared to an average of 642 512 shares per day in the previous reporting period.

## 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. The key risk for the next reporting period is any possible continued effect of Covid-19 on the global economy and the cruise industry, as further described below. For a more detailed description of the risk factors, please see an overview in the annual report for 2020.

Covid-19 has created disruption to the global economy. Vow's business has continued mostly as planned in 2021, without significant changes in delivery schedules to the cruise industry. However, the company's Aftersales segment has been and will continue to be affected until the world's cruise fleet is fully back in operation. The cruise owners have started a return to normal operations in the second half of the year, and at year-end 2021 approximately 60 per cent of the world's cruise fleet was back in normal operations.

Although society looks to rebound from Covid-19 in most markets and travel restrictions ease, there will be a certain risk related to Covid-19 and the market situation until we have seen a prolonged period of normal operations.

## RECENT EVENTS

In February 2022, Vow ASA signed a letter of intent (LOI) with a global non-ferrous metal producer and Norway's Vow Green Metals AS to undertake a joint feasibility study to evaluate the potential for developing an advanced and commercially competitive biocarbon product for the undisclosed client.

Provided that the biocarbon product meets specifications, the LOI consists of a plan to build biocarbon production facilities with capacity to produce 50 000 tons per year of biocarbon, to be operational by 2025. The planned facilities will be owned and operated by Vow Green Metals, and technology will be supplied by Vow ASA.

This LOI demonstrates the attractiveness of the combined value proposition that Vow Green Meals and Vow ASA brings to the metallurgical industry.

The new plants for production of biocarbon to the undisclosed client would be based on similar technology as the biocarbon plant under development by Vow Green Metals AS at Follum, Norway.

## OUTLOOK

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

The cruise industry continues to grow as cruise liners place new orders. Vow remains 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.

It is expected that the global cruise ship fleet will return to normal operations in 2022. As an increasing share of cruise ships are delivered with Vow systems, the aftersales market is growing.

Vow is currently in the process of producing and assembling equipment for Vow Green Metals' first biocarbon plant at Follum in Eastern Norway based on Vow's advanced pyrolysis technology. Vow continues to make investments in the Landbased segment to support growth and profitability going forward.

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.

Activity was picking up in all parts of Vow in the second half and fourth quarter of 2021, and order backlog reached another record high. This provides good visibility for revenues in 2022, which is estimated to nearly double from the level in 2021.

Lysaker, Norway, 22 February 2022  
The Board of Directors and CEO  
Vow ASA

**Narve Reiten**  
Chairman

**Bård Brath Ingerø**  
Director

**Susanne Schneider**  
Director

**Hanne Refsholt**  
Director

**Henrik Badin**  
CEO

## DEFINITIONS OF ALTERNATIVE PERFORMANCE MEASURES (APM) NOT DEFINED BY IFRS

<b>EBITDA before non-recurring items</b>	Normalised earnings before interest, tax depreciation and amortisation. 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 amortisation. 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 2H 2021	Unaudited 2H 2020	Unaudited 2021	Audited 2020
Revenue	2	252.6	212.0	454.1	459.8
<b>Total operating revenue</b>		<b>252.6</b>	<b>212.0</b>	<b>454.1</b>	<b>459.8</b>
Cost of goods sold		-155.2	-129.0	-282.5	-295.6
<b>Gross Profit</b>		<b>97.5</b>	<b>82.9</b>	<b>171.5</b>	<b>164.1</b>
<i>Gross Margin</i>		38.6%	39.1%	37.8%	35.7%
Employee expenses		-48.8	-40.7	-88.4	-80.2
Other operating expenses		-25.4	-20.1	-39.6	-37.3
<b>EBITDA before non-recurring items</b>		<b>23.2</b>	<b>22.1</b>	<b>43.5</b>	<b>46.6</b>
<i>EBITDA margin before non-recurring items</i>		9.2%	10.4%	9.6%	10.1%
Non-recurring items		-5.7	-7.9	-9.8	-8.2
<b>EBITDA</b>	2	<b>17.5</b>	<b>14.2</b>	<b>33.7</b>	<b>38.4</b>
Depreciation and amortisation		-14.7	-11.7	-24.3	-21.8
<b>Operating result (EBIT)</b>		<b>2.9</b>	<b>2.6</b>	<b>9.4</b>	<b>16.6</b>
Sum financial items		-12.4	-16.0	-18.9	-13.5
Share of net profit from associated company		-7.0	0.0	-7.0	0.0
Gain from demerger of Vow Green Metals AS operations	4	341.6	0.0	341.6	0.0
Fair value adjustment conversion rights		0.0	6.8	0.0	25.0
<b>Net financial items</b>		<b>322.3</b>	<b>-9.2</b>	<b>315.7</b>	<b>11.5</b>
<b>Result before tax</b>		<b>325.1</b>	<b>-6.7</b>	<b>325.1</b>	<b>28.1</b>
Income tax revenue (+) / expense (-)		1.5	6.3	1.0	-0.2
<b>Result for the period</b>		<b>326.6</b>	<b>-0.4</b>	<b>326.1</b>	<b>27.9</b>
<b>Other comprehensive income</b>					
<i>Exchange differences or trans. of foreign op.</i>		-3.7	2.6	-6.1	7.2
<b>Total comprehensive income, net of tax</b>		<b>322.9</b>	<b>2.2</b>	<b>320.0</b>	<b>35.1</b>
<b>Attributable to</b>					
Owners of the parent		322.9	2.2	319.9	35.1
Non-controlling interest		0.0	0.0	0.1	0.0
		<b>322.9</b>	<b>2.2</b>	<b>320.0</b>	<b>35.1</b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(NOK million)	Note	Unaudited 2021	Audited 2020
Deferred tax asset		9.2	7.2
Property, plant and equipment		22.3	19.2
Intangible assets		234.1	158.8
Goodwill		137.8	144.5
Right-of-use assets		24.9	17.9
Investment in associated company	4	143.0	0.0
Long-term receivables		0.9	0.5
<b>Total non-current assets</b>		<b>572.1</b>	<b>348.1</b>
Inventories		18.0	10.0
Trade receivables		122.3	148.5
Contracts in progress	2	195.0	122.5
Other receivables		60.0	53.9
Cash and cash equivalents		141.1	26.6
<b>Total current assets</b>		<b>536.3</b>	<b>361.5</b>
<b>Total assets</b>		<b>1 108.4</b>	<b>709.7</b>
Share capital		11.5	11.0
Share premium		516.4	292.1
Other capital reserves		-336.3	3.7
Translation differences		-0.9	5.2
Retained earnings		335.0	8.8
<b>Equity attributable to owners of the parent</b>		<b>525.6</b>	<b>320.8</b>
<i>Attributable to non-controlling interest</i>		<i>1.1</i>	<i>0.8</i>
<i>Attributable to owners of the parent</i>		<i>524.5</i>	<i>320.0</i>
<b>Total equity</b>		<b>525.6</b>	<b>320.8</b>
Deferred tax liabilities		33.2	32.3
Long term borrowings	3	240.4	110.7
Non-current lease liabilities		11.0	14.1
<b>Total non-current liabilities</b>		<b>284.6</b>	<b>157.1</b>
Current borrowings	3	39.8	21.6
Trade creditors		72.9	108.1
Contract accruals	2	96.4	55.6
Unrealised change fair value FX derivatives		0.0	1.9
Bank overdraft / Trade finance facility	3	2.1	14.8
Current lease liabilities		14.1	3.7
Other current liabilities		72.9	25.9
<b>Total current liabilities</b>		<b>298.2</b>	<b>231.7</b>
<b>Total liabilities</b>		<b>582.8</b>	<b>388.8</b>
<b>Total equity and liabilities</b>		<b>1 108.4</b>	<b>709.7</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>31.12.21</b>						
Equity at 31.12.2020	10.9	292.0	3.7	5.2	8.8	320.8
Result for the period	-	-	-	-	326.1	326.1
Other comprehensive income	-	-	-	-6.1	-	-6.1
<b>Total comprehensive income</b>	-	-	-	<b>-6.1</b>	<b>326.1</b>	<b>320.0</b>
Share capital increase – March.21*	0.5	218.0	-	-	-	218.5
Share capital increase - empl.share options Sept.21**	0.0	6.3	-	-	-	6.4
Stock options	-	-	1.5	-	-	1.5
Adjustment for gain demerger VGM, as dividends	-	-	-341.6	-	-	-341.6
<b>Equity at end of period</b>	<b>11.5</b>	<b>516.4</b>	<b>-336.3</b>	<b>-0.9</b>	<b>335.0</b>	<b>525.6</b>
<i>Attributable to non-controlling interest</i>						1.1
<i>Attributable to owners of the parent</i>						524.5
						<b>525.6</b>
<b>31.12.20</b>						
<i>Audited</i> (NOK million)	Share Capital	Share premium	Other cap. reserves	Trans. diff.	Retained earnings	Total
Equity at 31.12.2019	10.7	240.7	1.0	(2.0)	(19.1)	231.7
Result for the period	-	-	-	-	27.9	27.9
Other comprehensive income	-	-	-	7.2	-	7.2
<b>Total comprehensive income</b>	-	-	-	<b>7.2</b>	<b>27.9</b>	<b>35.1</b>
Share capital increase – vendor notes conv. Jul. 20***	0.2	44.9	-	-	-	45.2
Share capital increase – empl.share options Oct. 20****	-	6.4	-	-	-	6.4
Stock options	-	-	2.7	-	-	2.7
<b>Equity at end of period</b>	<b>10.9</b>	<b>292.0</b>	<b>3.7</b>	<b>5.2</b>	<b>8.8</b>	<b>320.8</b>
<i>Attributable to non-controlling interest</i>						0.9
<i>Attributable to owners of the parent</i>						320.0
						<b>320.8</b>

\* Share capital increase was made through private placement in March 2021

\*\* Share capital increase was made in September 2021 in connection with exercise of employee stock option program from 2019.

\*\*\* Vendor notes were converted to shares in July 2020.

\*\*\*\* Share capital increase was made in October 2020 in connection with exercise of employee stock option program from 2019.

## CONSOLIDATED STATEMENT OF CASH FLOW

(NOK million)	Unaudited 2H 2021	Unaudited 2H 2020	Unaudited 2021	Audited 2020
<i>Result before tax</i>	325.1	-6.7	325.1	28.1
Net cash flow from operating activities	40.9	17.7	5.0	-5.4
Net cash flow from investing activities	-194.1	-23.6	-245.6	-64.7
Net cash flow from financing activities	-9.4	-17.6	353.7	11.1
<b>Net change in cash and cash equivalents</b>	<b>-162.6</b>	<b>-23.5</b>	<b>113.0</b>	<b>-58.9</b>
<i>Effect of exchange rate changes on cash and cash equivalents</i>	0.7	-4.3	1.5	0.0
Cash and cash equivalents at start of period	303.0	54.4	26.6	85.5
<b>Cash and cash equivalents at end of period</b>	<b>141.1</b>	<b>26.6</b>	<b>141.1</b>	<b>26.6</b>

## NOTES TO THE ACCOUNTS

### Note 1 General information

This interim financial information for the Second Half Year 2021 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 2020, 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 2020. The Board of Directors approved this Interim report February 22, 2022.

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

(NOK million)	Unaudited 2H 2021	Unaudited 2H 2020	Unaudited 2021	Audited 2020
Project revenue	144.8	149.1	294.2	309.2
Aftersales	33.6	13.6	51.9	53.3
Land-based	74.2	49.2	108.0	97.2
<b>Revenue</b>	<b>252.6</b>	<b>212.0</b>	<b>454.1</b>	<b>459.8</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 2021	Audited 2020
Contracts in progress	195.0	122.5
Contract accruals	96.4	55.6
<b>Net work in progress</b>	<b>98.6</b>	<b>66.9</b>

## Segment information:

## 2H 2021

(NOK million)	Projects	Aftersales	Landbased	Admin.	Total
Revenue	144.8	33.6	74.2	0.0	252.6
<b>Total revenue</b>	<b>144.8</b>	<b>33.6</b>	<b>74.2</b>	<b>0.0</b>	<b>252.6</b>
Cost of sales	-99.5	-20.4	-35.2	0.0	-155.2
Employee expenses	-12.5	-10.0	-23.3	-3.0	-48.8
Other operating expenses	-1.7	-2.2	-13.6	-7.9	-25.4
<b>EBITDA before non-recurring items</b>	<b>31.1</b>	<b>1.0</b>	<b>2.0</b>	<b>-10.9</b>	<b>23.2</b>
<i>EBITDA before non-recurring items margin %</i>	<i>21.5%</i>	<i>2.9%</i>	<i>2.8%</i>		<i>9.2%</i>
Non-recurring items	-1.1	0.0	-1.7	-2.9	-5.7
<b>EBITDA</b>	<b>30.0</b>	<b>1.0</b>	<b>0.3</b>	<b>-13.7</b>	<b>17.5</b>
Depreciation and amortisation					
Impairment	-5.1	-0.7	-8.9	0.0	-14.6
<b>Operating profit</b>	<b>24.9</b>	<b>0.3</b>	<b>-8.6</b>	<b>-13.7</b>	<b>2.9</b>

## 2H 2020

(NOK million)	Projects	Aftersales	Landbased	Admin.	Total
Revenue	149.1	13.6	49.2	0.0	212.0
<b>Total revenue</b>	<b>149.1</b>	<b>13.6</b>	<b>49.2</b>	<b>0.0</b>	<b>212.0</b>
Cost of sales	-94.4	-7.8	-26.9	0.0	-129.0
Employee expenses	-14.2	-7.7	-17.5	-1.2	-40.7
Other operating expenses	-4.5	-3.2	-7.9	-4.5	-20.1
<b>EBITDA before non-recurring items</b>	<b>35.9</b>	<b>-5.0</b>	<b>-3.1</b>	<b>-5.8</b>	<b>22.1</b>
<i>EBITDA before non-recurring items margin %</i>	<i>24.1%</i>	<i>-36.8%</i>	<i>-6.2%</i>		<i>10.4%</i>
Non-recurring items	0.0	0.0	-7.9	0.0	-7.9
<b>EBITDA</b>	<b>35.9</b>	<b>-5.0</b>	<b>-10.9</b>	<b>-5.8</b>	<b>14.2</b>
Depreciation and amortisation					
Impairment	-4.7	-0.5	-6.4	0.0	-11.7
<b>Operating profit</b>	<b>31.3</b>	<b>-5.6</b>	<b>-17.4</b>	<b>-5.8</b>	<b>2.6</b>

## 2021

(NOK million)	Projects	Aftersales	Landbased	Admin.	Total
Revenue	294.2	51.9	108.0	0.0	454.1
<b>Total revenue</b>	<b>294.2</b>	<b>51.9</b>	<b>108.0</b>	<b>0.0</b>	<b>454.1</b>
Cost of sales	-195.3	-31.4	-55.9	0.0	-282.5
Employee expenses	-26.1	-19.3	-39.5	-3.5	-88.4
Other operating expenses	-3.4	-0.9	-19.7	-15.6	-39.6
<b>EBITDA before non-recurring items</b>	<b>69.4</b>	<b>0.4</b>	<b>-7.1</b>	<b>-19.2</b>	<b>43.5</b>
<i>EBITDA before non-recurring items margin %</i>	<i>23.6%</i>	<i>0.7%</i>	<i>-6.5%</i>		<i>9.6%</i>
Non-recurring items	-1.1	0.0	-3.0	-5.7	-9.8
<b>EBITDA</b>	<b>68.3</b>	<b>0.4</b>	<b>-10.1</b>	<b>-24.9</b>	<b>33.7</b>
Depreciation and amortisation					
Impairment	-8.6	-1.2	-14.5	0.0	-24.3
<b>Operating profit</b>	<b>59.7</b>	<b>-0.9</b>	<b>-24.6</b>	<b>-24.9</b>	<b>9.4</b>

## 2020

(NOK million)	Projects	Aftersales	Landbased	Admin.	Total
Revenue	309.2	53.3	97.2	0.0	459.8
<b>Total revenue</b>	<b>309.2</b>	<b>53.3</b>	<b>97.2</b>	<b>0.0</b>	<b>459.8</b>
Cost of sales	-204.0	-32.1	-59.5	0.0	-295.6
Employee expenses	-27.1	-15.0	-33.7	-4.4	-80.2
Other operating expenses	-7.2	-6.5	-14.2	-9.4	-37.3
<b>EBITDA before non-recurring items</b>	<b>70.8</b>	<b>-0.2</b>	<b>-10.2</b>	<b>-13.9</b>	<b>46.6</b>
<i>EBITDA before non-recurring items margin %</i>	22.9%	-0.4%	-10.4%		10.1%
Non-recurring items	0.0	0.0	-8.2	0.0	-8.2
<b>EBITDA</b>	<b>70.8</b>	<b>-0.2</b>	<b>-18.3</b>	<b>-13.9</b>	<b>38.4</b>
Depreciation and amortisation					
Impairment	-8.9	-1.5	-11.4	0.0	-21.8
<b>Operating profit</b>	<b>62.0</b>	<b>-1.8</b>	<b>-29.8</b>	<b>-13.9</b>	<b>16.6</b>

## Note 3 Borrowing

## Long term borrowings:

(NOK million)	Unaudited 31.12.2021	Audited 31.12.2020
Other long term interest-bearing debt	233.1	101.6
Conditional loans related to R&D (ETIA)	7.4	9.1
Balance	240.5	110.7

## Short term borrowings:

(NOK million)	Unaudited 31.12.2021	Audited 31.12.2020
Other short term interest-bearing debt	39.8	21.6
	39.8	21.6

## Bank overdraft / Trade finance facility:

(NOK million)	Unaudited 31.12.2021	Audited 31.12.2020
Bank overdraft facility	-9.2	1.5
Trade finance facility	11.2	13.3
	2.1	14.8

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.

In June, Vow secured NOK 320 million in long-term financing from DNB ASA, establishing a strong financial foundation for further innovation and project development in land-based industries. The financing arrangement consists of a NOK 170 million term loan facility and a NOK 150 million revolving credit facility (RCF), both classified as “green financing” at attractive terms, and within the DNB Sustainable Product Framework. This framework includes a verification by DNV, the assurance and risk management company, and is based on the international Green Loan Principles (GLP).

The NOK 170 million term loan with DNB is drawn up as per 31 December 2021. The RCF facility is undrawn as per 31 December 2021.

#### **Note 4 Gain from demerger of Vow Green Metals AS (VGM)**

Gain from demerger of Vow Green Metals AS (VGM) operations from Vow ASA recorded under financial items with an income of NOK 341.6 million.

The concept, design and business plan for developing a plant producing biocarbon using pyrolysis technology was demerged from Vow ASA into VGM. Shares in VGM was distributed to the shareholders of Vow ASA. The transaction is considered as distribution of assets other than cash as dividends to its owners (IFRIC 17). Fair value of VGM at the point of demerger was NOK 492 million and carrying value set at NOK 150 million, giving a fair value gain of the consideration shares distributed to the shareholders in Vow ASA at NOK 342 million.

Following the demerger on 9 July 2021, Vow ASA holds 30.5% of the shares in VGM and recognises it as an associate company for accounting purposes. The investment was recognised at fair value at inception and are subsequently adjusted for share of profits and potential dividends from VGM. The group's share of profit or loss from the associate company is included in profit or loss under financial items.

VGM was listed on Oslo Stock Exchange 12 July 2021.

## 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 July to 31 December 2021 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, 22 February 2022  
The Board of Directors and CEO  
Vow ASA

**Narve Reiten**  
Chairman

**Bård Brath Ingerø**  
Director

**Susanne Schneider**  
Director

**Hanne Refsholt**  
Director

**Henrik Badin**  
CEO