


# Q4 23

CAMBI ASA | FOURTH-QUARTER RESULTS 2023

# CAMBI



Cambi enables cities around the world to grow circular economies in water, energy, and food with technology and solutions for converting wastewater solids and organic wastes into valuable bioresources.

### Two business segments

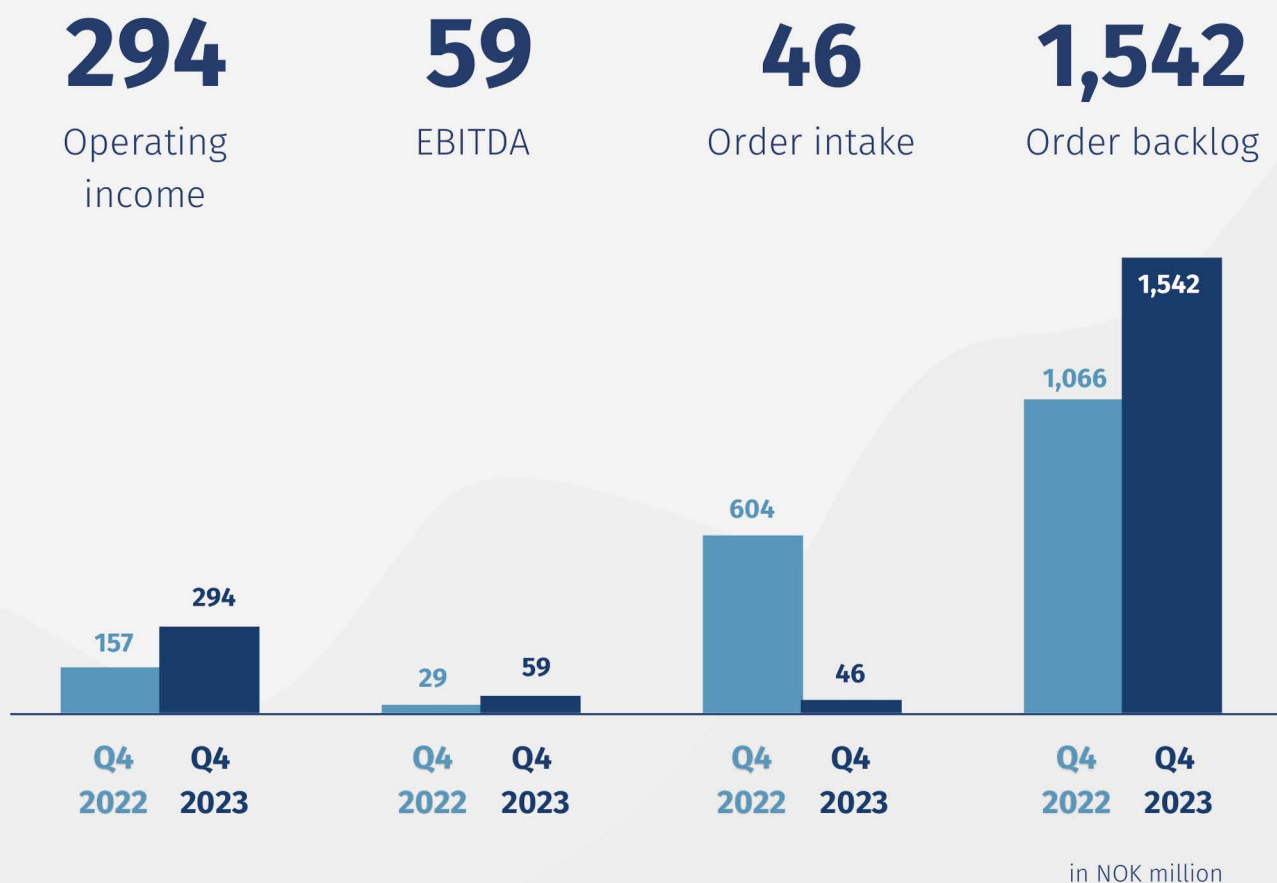
**Technology** comprises the research, development, sale, manufacturing, and delivery of thermal hydrolysis process (THP) plants and complete wastewater sludge treatment lines.

**Solutions** comprises all services to the growing installed base of Cambi THP plants, i.e., upgrades, capacity expansions, maintenance, and operations; as well as the soil recycling company Grønn Vekst.



## Fourth quarter Highlights

- **Operating income** in the fourth quarter was NOK 294 million, 87% more than in the last quarter of 2022 (NOK 157 million). The increase is due to the execution of several projects from Cambi's record-high backlog. A weaker NOK compared to one year earlier has positively impacted project revenue in foreign currencies.
- **Operating expenses** in the quarter were NOK 96 million, up from NOK 62 million in the same quarter of the previous year. The rise in expenses is primarily due to bonus accruals. In addition, the increase can be attributed to a higher headcount and growth in other operating expenses.
- **Operating cash flow** in the period was NOK 58 million compared to NOK 68 million in the fourth quarter of 2022.
- **EBITDA** for the fourth quarter was NOK 59 million, up from NOK 29 million in the same quarter of the previous year. The increase is primarily driven by the progress made on the delivery of the ongoing construction projects.
- **Order intake** in the fourth quarter was NOK 46 million, compared to NOK 604 million in the same quarter of 2022. There were no signed construction contracts during the quarter. The order intake varies from quarter to quarter, depending mainly on the timing of new construction contracts.
- **Order backlog** ended the fourth quarter at NOK 1,542 million, up 45% from NOK 1,066 million at the end of 2022.

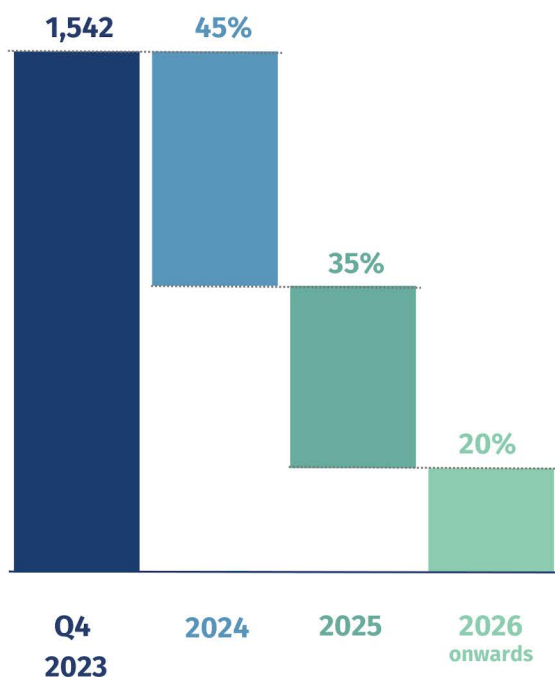


Fourth quarter

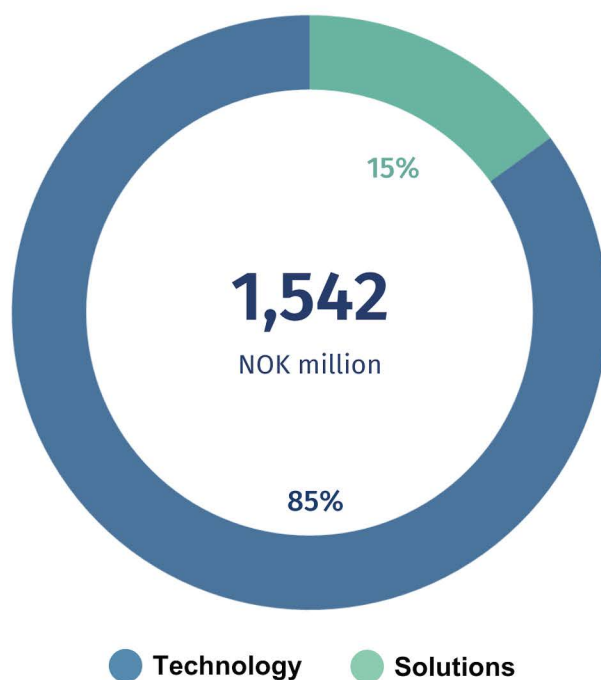
# Order backlog

## Backlog distribution

in NOK million

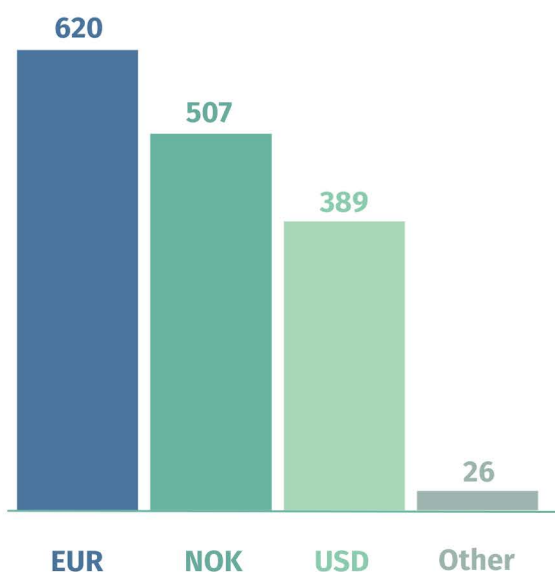


## Backlog by segment



## Backlog by currency

in NOK million, equivalent at Q4 2023 FX



At the close of 2023, Cambi had a robust order backlog valued at NOK 1,542 million.

The order backlog in the Technology segment encompasses 15 ongoing construction projects considering the progress achieved to date and the remaining work, with the latter to be recognised as operating income in future periods.

Within the Solutions segment, the backlog comprises the value of remaining work in Grønn Vekst's biosolids and garden waste handling contracts and the Services' subsegment construction contracts.

A significant portion of the order backlog is denominated in foreign currencies, which poses risks associated with exchange rate fluctuations.

# Operational review

Steady delivery pace for 15 construction projects in all stages of execution.

Cambi's operations teams were in full swing during the fourth quarter, delivering on client schedules for all ongoing construction projects.

The THP system installed at the Goddards Green sludge treatment centre in southern England passed its last commissioning milestone and was ready in December to start operations in 2024.

Installation of the THP system at Damhusåen in Copenhagen proceeded steadily with the handover of the new THP building and further installation of process equipment.

The two new THP systems for Sofia, Bulgaria, were delivered to the site during the fourth quarter, followed by swift installation.

The THP systems for the projects in Lillestrøm, Norway, and Sasol in Secunda, South Africa, continued manufacturing according to plan, with site delivery expected medio 2024.

Construction THP projects are progressing well and have passed important delivery milestones in the engineering phase, in line with their planned execution schedules.



THP installation progressing at Kubratovo in Sofia, Bulgaria



New THP building handed over at Damhusåen in Copenhagen, Denmark



118

million people can benefit from the total capacity of Cambi's sold THP projects



88

facilities have chosen Cambi's thermal hydrolysis technology



27

countries with Cambi THP plants on all continents

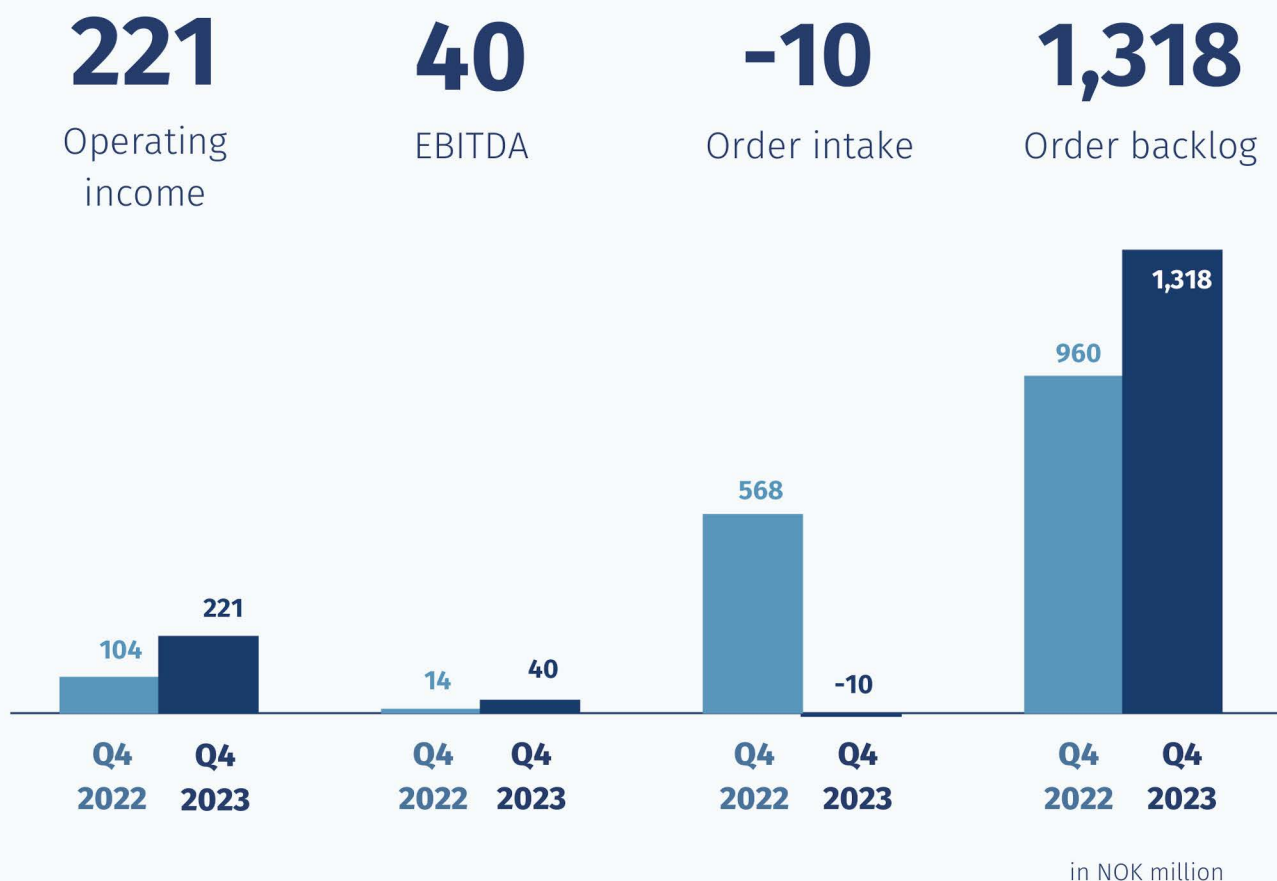


## Technology segment

# Financial review

### Record-high operating income

- **Operating income** for the fourth quarter was NOK 221 million, 112% more than in the last quarter of 2022 (NOK 104 million). The performance results from high backlog conversion through the solid execution of ongoing construction contracts.
- **EBITDA** for the last quarter of 2023 ended at NOK 40 million, compared to NOK 14 million in the same period one year earlier. The EBITDA margin in the period was 18%, up from 13% in the fourth quarter of 2022. The increase from the previous year mainly stems from higher project revenues and favourable foreign exchange effects due to a weaker NOK.
- **Order intake** for the fourth quarter was NOK -10 million. There were no notable equipment contract awards. A strong NOK at the end of the fourth compared to the third quarter caused a currency effect of NOK -18 million on the period's order backlog. Order intake is determined as a calculation of changes in the order backlog, taking into account operating income and currency effects.
- **Order backlog** ended the fourth quarter at NOK 1,318 million, up 37% from NOK 960 million at the end of 2022, providing good financial visibility for the following years. The record-high quarterly backlog conversion lowered the order backlog by 15% compared to NOK 1,548 million at the end of the third quarter.



# Operational review

Scaling up THP service capacity and extending retail soil product range.

## Services

The Services team continued to grow during the fourth quarter, increasing the capacity to follow up and support a growing THP client base in all geographies.

Several engineering studies progressed during the quarter, where business cases for upgrading THP systems and auxiliary equipment are developed in close collaboration with clients.

PLUS is Cambi's digital platform for remote process monitoring, diagnostics and optimisation support. For the first time, a construction project was delivered this quarter with the PLUS platform integrated as a part of the project delivery.

In England, a new project was kicked off to upgrade the THP in operation since 2009 at the Whitlingham treatment centre near Norwich.

In Ireland, the execution of a comprehensive THP upgrade in Dublin continued as planned with the start of equipment deliveries to the site.

## Grønn Vekst

Soil sales in the fourth quarter ended at 63,700 tonnes, up from 41,600 tonnes in the last quarter of 2022. Similar to the third quarter, the increase was driven by a farmland soil restoration project in the Oslo area. The total volume of soil sold in 2023 was 237,200 tonnes, 8% more than in 2022 (220,000 tonnes).

The expanding product offering within the retail segment includes different soil blends, LECA and bark. At the soil packaging facility in Kristiansand, bagging was underway during the fourth quarter in preparation for the 2024 season. Several contracts are lined up for delivery, which started in January 2024.

Grønn Vekst also continued to prepare for expansion with new bulk soil production facilities in the coming year.

All existing biosolids and garden waste contracts continue to be executed as planned.



THP system to be upgraded at the Whitlingham STW in Norwich, UK



**63,700**

tonnes of peat-free soil  
sold in the quarter



**27**

soil production  
sites in Norway

# Financial review

## Solid quarterly performance

- **Operating income** for the fourth quarter was NOK 74 million, an increase of 38% from NOK 53 million in the same quarter of 2022 and up 11% from NOK 66 million in the previous quarter.
- **EBITDA** ended the period at NOK 18 million, compared to NOK 15 million in the fourth quarter of 2022. The EBITDA margin was 25%.
- **Order intake** in the fourth quarter was NOK 55 million, 59% higher than NOK 36 million recorded in the last quarter of 2022.
- **Order backlog** ended the quarter at NOK 224 million, more than double than one year earlier, when it was NOK 106 million.



74

Operating  
income

18

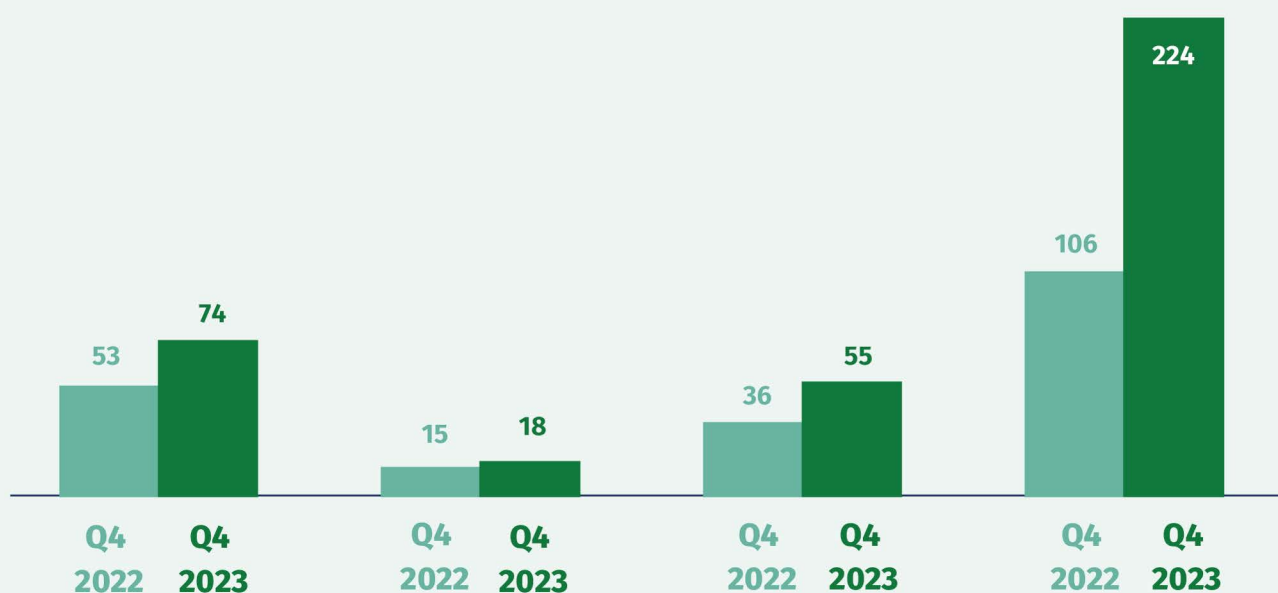
EBITDA

55

Order intake

224

Order backlog



in NOK million



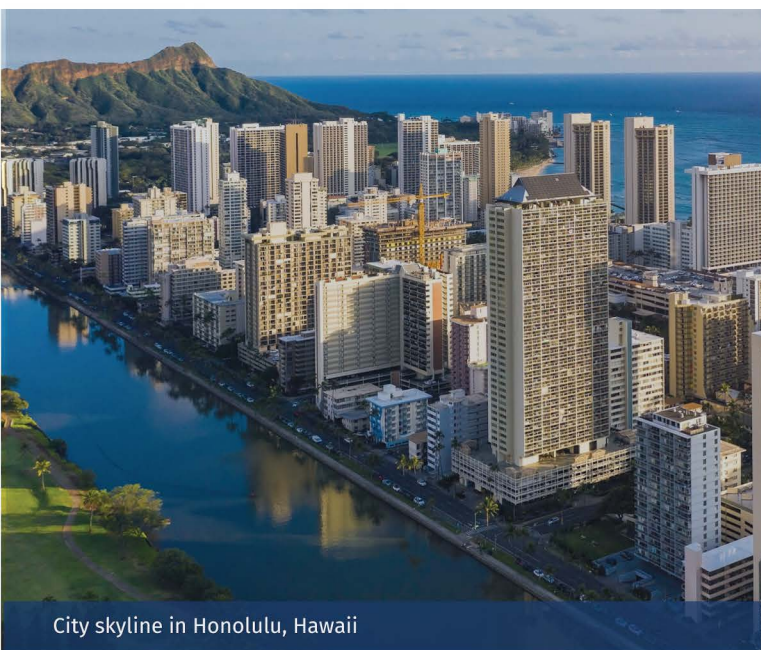
# Market

Growth in both the Technology and Solutions segments.

## Recent developments

Cambi started 2024 with the award of a new major contract in January for a modern, efficient, earthquake-safe THP system in Honolulu, Hawaii. Cambi will soon have THP systems spanning 22 time zones from its westernmost to its easternmost site.

Grønn Vekst started the year securing the biosolids handling contract for Veas, Norway's largest wastewater treatment plant near Cambi's headquarters in Asker. Cambi looks forward to commissioning a THP system at the same plant, scheduled for 2026, which together with Grønn Vekst's peat-free soil products enables Veas to boost circular economies in the greater Oslo area.



City skyline in Honolulu, Hawaii

The Board of Directors and CEO of Cambi ASA have approved the quarterly report and unaudited interim financial statements.

**Asker, 7 March 2024**

## Outlook

Interest in Cambi's solutions continues to increase as stricter environmental regulations come into force in many markets, strengthening the pipeline of potential THP projects.

Cambi is confident about its long-term prospects and has targeted five strategic focus areas to realise this potential:

- be the industry benchmark for sludge treatment
- all cities shall consider thermal hydrolysis for their wastewater solids treatment
- well-functioning systems that become good references from satisfied customers
- proactive customer support with value-adding services throughout the assets' lifetime
- recycling organic wastes into a diverse array of high-quality and sustainable soil products

In 2024, Cambi will continue to utilise its high operational leverage to invest in sales, marketing, and services. The company will participate in more than 80 trade shows and conferences, and there is an increasing focus on digital marketing to enhance outreach and engagement.

A substantial order backlog provides good financial visibility for future activity. Based on the solid 2023 results and robust financial position, the Board of Directors proposes a dividend of NOK 1.00 per share to the Annual General Meeting. In addition, Cambi reiterates its ambition to pay out dividends of 60-80% of net profits for the financial year 2024.

Exposure to fluctuations in foreign currency rates poses a risk to financial performance. Geopolitical tensions may also affect Cambi's business. Management is monitoring these risks and implementing strategies to mitigate their impact.

Cambi remains focused on organic growth but will continuously assess opportunities to acquire complementary businesses or technologies.

Q4 2023

# Interim financial statements with notes

## Consolidated statement of profit and loss

Unaudited, in NOK million

	Q4 2023	Q4 2022	Year 2023	Year 2022
<b>Operating income</b>	<b>294.2</b>	<b>157.4</b>	<b>976.6</b>	<b>440.4</b>
Cost of goods sold	139.8	67.2	445.4	218.8
<b>Gross margin</b>	<b>154.4</b>	<b>90.3</b>	<b>531.2</b>	<b>221.6</b>
Payroll expenses	63.5	35.6	181.2	129.9
Other operating expenses	32.3	25.9	100.7	89.0
<b>Operating expenses</b>	<b>95.8</b>	<b>61.5</b>	<b>282.0</b>	<b>218.9</b>
<b>EBITDA</b>	<b>58.7</b>	<b>28.7</b>	<b>249.3</b>	<b>2.7</b>
Depreciation and amortisation	6.2	10.6	24.1	18.2
<b>Operating profit</b>	<b>52.5</b>	<b>18.1</b>	<b>225.1</b>	<b>-15.6</b>
Net financial items	4.7	0.0	3.7	1.7
<b>Profit/ loss before tax</b>	<b>57.2</b>	<b>18.1</b>	<b>228.9</b>	<b>-13.9</b>
Tax expense	44.3	-2.2	44.8	-1.2
<b>Net profit/ loss</b>	<b>12.9</b>	<b>20.3</b>	<b>184.1</b>	<b>-12.7</b>
<b>Attributable to</b>				
Equity holders of the parent company	13.1	20.6	185.2	-11.6
Non-controlling interests	-0.2	-0.4	-1.1	-1.2

## Consolidated statement of financial position

Unaudited, in NOK million

<i>Assets</i>	<b>Q4 2023</b>	<b>Q4 2022</b>
Intangible assets	30.3	81.9
Tangible assets	34.5	19.7
Financial assets	0.7	1.0
<b>Total non-current assets</b>	<b>65.5</b>	<b>102.7</b>
Inventories	70.9	43.3
Debtors	242.1	162.8
Financial assets	107.6	101.7
Bank deposits	240.0	166.9
<b>Total current assets</b>	<b>660.6</b>	<b>474.7</b>
<b>Total assets</b>	<b>726.1</b>	<b>577.3</b>

Unaudited, in NOK million

<i>Equity</i>	<b>Q4 2023</b>	<b>Q4 2022</b>
<b>Total equity</b>	<b>499.9</b>	<b>401.9</b>

Unaudited, in NOK million

<i>Liabilities</i>	<b>Q4 2023</b>	<b>Q4 2022</b>
Non-current liabilities	0.2	1.1
Current liabilities	226.0	174.2
<b>Total liabilities</b>	<b>226.2</b>	<b>175.4</b>
<b>Total equity and liabilities</b>	<b>726.1</b>	<b>577.3</b>



## Consolidated statement of cash flows

Unaudited, in NOK million

	Q4 2023	Q4 2022	Year 2023	Year 2022
<b>Cash flows from operating activities</b>				
Profit/ loss before tax	57.3	18.0	228.9	-13.9
Tax paid for the period	-0.1	0.7	-0.5	-2.1
Ordinary depreciation	6.1	10.6	24.1	18.2
Change in inventory	4.2	4.6	-27.6	1.8
Change in accounts receivable	-15.6	-33.3	-83.6	-25.4
Change in accounts payable	10.2	5.6	26.2	1.7
Effect of exchange rate fluctuations	-1.5	-2.9	1.9	6.8
Change in other accrual items	-2.8	64.5	42.3	71.7
<b>Net cash flows from operating activities</b>	<b>57.8</b>	<b>67.9</b>	<b>211.7</b>	<b>58.8</b>
<b>Cash flows from investment activities</b>				
Payments for the purchase of fixed assets	-4.1	-1.3	-18.5	-2.8
Payments for the purchase of intangible assets	0.0	-0.1	-0.1	-48.9
Payments for share buy-back		-10.1	-1.0	-10.1
Proceeds from the sales of shares			1.6	
Proceeds from the sales of money market fund shares				100.2
<b>Net cash flows from investment activities</b>	<b>-4.1</b>	<b>-11.5</b>	<b>-18.0</b>	<b>38.3</b>
<b>Cash flows from financing activities</b>				
Instalment payments of long-term liabilities	-0.2	-0.3	-1.0	-1.3
Dividends paid	-96.0		-120.0	
Change investment equity method	0.3	0.8	0.3	1.0
<b>Net cash flows from financing activities</b>	<b>-95.9</b>	<b>0.5</b>	<b>-120.7</b>	<b>-0.3</b>
<b>Net change in cash and cash equivalents</b>	<b>-42.3</b>	<b>56.9</b>	<b>73.1</b>	<b>96.8</b>
Cash and cash equivalents at the start of the period	282.2	110.0	166.9	70.1
Cash and cash equivalents at the end of the period	240.0	166.9	240.0	166.9

## Consolidated statement of changes in equity

Unaudited, in NOK million

	Share capital	Own shares	Share premium	Other equity	Minority interests	Total
<b>Equity as of 1 January 2023</b>	<b>3.2</b>	<b>-0.0</b>	<b>295.0</b>	<b>101.9</b>	<b>1.9</b>	<b>401.9</b>
Profit 2023				185.2	-1.1	184.1
Share buyback program		-0.0		-1.0		-1.0
Share-based incentive program		0.0		9.1		9.1
Dividend				-96.0		-96.0
Currency effects				1.7	0.0	1.8
<b>Equity as of 31 December 2023</b>	<b>3.2</b>	<b>-0.0</b>	<b>295.0</b>	<b>200.8</b>	<b>0.8</b>	<b>499.9</b>

# Notes

## **Note 1 - Reporting entity**

Cambi ASA is a limited liability company with headquarters in Asker, Norway. The consolidated interim financial statements comprise Cambi ASA and its subsidiaries.

Cambi is a global technology and solutions supplier for sustainable biosolids management, transforming wastewater solids and organic wastes into renewable energy, fertilisers, and soil products. Cambi's core offer is its patented thermal hydrolysis process (THP), a treatment process at high temperature and pressure for wastewater solids and other organic waste fractions. The process has multiple cost-saving and environmental benefits. Coupled with anaerobic digestion, it increases biogas production, reduces demand for non-renewable energy sources, and produces easy-to-handle, nutrient-rich biosolids that can replace synthetic fertilisers.

Cambi systems are installed at many wastewater treatment facilities owned by the world's leading water utility companies. Established in 1992, the company has grown to span six continents, with 88 facilities in 27 countries and the capacity to process the wastewater solids of a population of around 118 million at the end of the fourth quarter of 2023.

Besides anaerobic digestion technology and solutions using THP, Cambi owns the soil recycling company Grønn Vekst, Norway's market leader in sustainable, peat-free soil products.



## Note 2 - Operating segments

Unaudited, in NOK million

	Technology				Solutions			
	Q4 2023	Q4 2022	Year 2023	Year 2022	Q4 2023	Q4 2022	Year 2023	Year 2022
<b>Operating income</b>	<b>220.7</b>	<b>104.2</b>	<b>718.8</b>	<b>238.6</b>	<b>73.5</b>	<b>53.3</b>	<b>257.8</b>	<b>201.8</b>
Cost of goods sold	103.0	40.7	301.7	106.6	36.8	26.5	143.7	112.3
<b>Gross margin</b>	<b>117.7</b>	<b>63.5</b>	<b>417.2</b>	<b>132.1</b>	<b>36.8</b>	<b>26.8</b>	<b>114.1</b>	<b>89.5</b>
Payroll expenses	52.2	29.0	148.6	105.0	11.3	6.7	32.6	24.9
Other operating expenses	25.1	20.6	79.1	71.1	7.2	5.3	21.6	17.9
<b>Operating expenses</b>	<b>77.3</b>	<b>49.5</b>	<b>227.7</b>	<b>176.1</b>	<b>18.5</b>	<b>12.0</b>	<b>54.3</b>	<b>42.8</b>
<b>EBITDA</b>	<b>40.4</b>	<b>13.9</b>	<b>189.5</b>	<b>-44.1</b>	<b>18.3</b>	<b>14.8</b>	<b>59.8</b>	<b>46.7</b>
Depreciation and amortisation	4.6	9.9	18.1	15.3	1.6	0.8	6.0	3.0
<b>Operating profit</b>	<b>35.9</b>	<b>4.1</b>	<b>171.3</b>	<b>-59.3</b>	<b>16.7</b>	<b>14.0</b>	<b>53.8</b>	<b>43.7</b>

The **Technology** segment comprises the research, development, sale, manufacturing and delivery of thermal hydrolysis process (THP) plants and ancillary equipment to customers around the world, previously found in the Cambi Group segment as the Equipment sub-segment, plus its share of allocated overhead costs.

The **Solutions** segment comprises all services to the growing installed base of Cambi THP plants, including upgrades, capacity expansions, maintenance, and operations, previously found in the Cambi Group segment as the Services sub-segment; as well as the soil recycling company Grønn Vekst, previously found in the Cambi Invest segment as the Recycling sub-segment, plus their share of allocated overhead costs.

Grønn Vekst recycles waste fractions from municipalities and industry, i.e., wastewater solids, garden waste, and stonemeal. From these resources, the company produces high-quality compost-based soil products as substitutes for peat-based soils. Grønn Vekst is Norway's largest producer of peat-free soils and leading wastewater solids recycling company.

### Note 3 - Construction contracts

Unaudited, in NOK million

	Q4 2023	Q4 2022
Earned, not invoiced project income (in balance sheet)	126.3	58.7
Accrued project cost, provision and guarantees (in balance sheet)	116.7	87.7
Accumulated recorded income for ongoing projects	904.9	402.3
Accumulated cost related to recorded income	404.0	183.5
<b>Net accumulated contribution from ongoing projects</b>	<b>500.9</b>	<b>218.8</b>

Revenue from construction contracts is recognised on the percentage-of-completion method, measured by the percentage of costs incurred to date divided by the estimated total costs for each contract. Construction contracts comprise both equipment deliveries to new Cambi sites, recorded under the Technology segment, and equipment deliveries to existing Cambi sites, recorded under the Solutions segment.

Cambi had 16 ongoing construction projects at the end of the fourth quarter, of which 15 in the Technology segment and 1 in the Solutions segment. By comparison, at the end of 2022, Cambi had 14 ongoing construction projects.

As of 31 December 2023, the accumulated contribution from ongoing projects was NOK 501 million, recognised through profit and loss from the commencement of the projects.

### Note 4 - Income tax expense

Unaudited, in NOK million

	Q4 2023	Q4 2022	Year 2023	Year 2022
Tax payable	3.3	2.3	3.8	3.3
Change prior year	-1.7	-0.8	-1.7	-0.8
Change in deferred tax	42.8	-3.8	42.8	-3.8
<b>Total income tax expense</b>	<b>44.3</b>	<b>-2.2</b>	<b>44.8</b>	<b>-1.2</b>

Tax calculations are done on a yearly basis. For subsidiaries where tax calculations are not final as of the release date, estimates have been used.

# Q4 23

CAMBI ASA | FOURTH-QUARTER RESULTS 2023

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