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CAMBI ASA | THIRD-QUARTER RESULTS 2023

CAMBI

An aerial photograph showing a dense forest with trees in various shades of green, yellow, and orange, indicating autumn. A dark blue body of water, possibly a lake or a wide river, is visible in the lower half of the image. The text is overlaid on the upper part of the image.

Cambi enables cities around the world to build a circular economy for water-energy-food, with technology and solutions for transforming 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.

Third quarter Highlights

- **Operating income** in the third quarter was NOK 235 million, 115% higher than the NOK 109 million recorded in the same quarter of 2022. The increase reflects steady project execution on Cambi's high order backlog. The weaker NOK compared to one year ago positively impacts project revenues in foreign currencies.
- **Operating expenses** in the quarter were NOK 45 million, down from NOK 54 million in the same quarter last year. The result is influenced by a one-off positive impact*.
- **EBITDA** for the third quarter was NOK 70 million, up from NOK -2 million in the same quarter last year. The increase is primarily driven by higher revenue.
- **Operating cash flow** in the period was NOK 115 million compared to NOK -10 million in the third quarter of 2022. The strong quarterly cash conversion ratio of 164% is primarily driven by project milestone payments.
- **Order intake** in the period was a record-high NOK 983 million, up from NOK 184 million in the third quarter of 2022. The order intake includes six new equipment contracts signed during the quarter.
- **Order backlog** for the third quarter ended at NOK 1,791 million, up 189% from NOK 619 million one year earlier, and up 72% from NOK 1,042 million at the end of the previous quarter.



*See note 3 on construction contracts.

Third quarter

Order intake

Cambi sets a new record for quarterly order intake, with six important equipment contracts and two market entries, in Israel and New Zealand.

1 Oslo, Norway

Following a successful cooperation phase, Veas and Cambi signed the project execution contract for a modern THP plant close to Cambi's headquarters in Asker. According to the execution schedule, the plant is set to start operations in 2026.

2 Be'er Sheva, Israel

Later in July, water utility company Mei Sheva awarded Cambi a contract for a THP system to transform their wastewater solids into renewable energy and high-quality biosolids for local reuse. Cambi's solution was selected for its reliability, performance, and affordability in operations. The THP plant will be delivered to the site in 2025.



3 Louisville, KY, USA

At the Morris Forman water quality treatment centre in Louisville, Cambi won a contract to deliver two THP systems and enable the Louisville and Jefferson County Metropolitan Sewer District (Louisville MSD) to cost-effectively transform the site into a treatment centre. The project plans for THP operation starting in 2026.



Oslo, Norway



Be'er Sheva, Israel



Louisville, KY, USA

Third quarter

Order intake

(continued)

4 Singapore

Cambi was awarded a major contract to supply two THP systems for the national water agency PUB's greenfield Tuas water reclamation plant. Cambi's solution was selected based on technical merit, sustainability, and cost-effectiveness. The THP systems are scheduled to start operating in 2026.

5 Perth, Australia

In September, Cambi secured a THP contract for Water Corporation's water resource recovery facility at Woodman Point in Perth. The THP will increase the site's solids processing capacity without additional digesters and ensure that all biosolids can be safely reused for crops or forestry applications. It is scheduled for commissioning in 2026.

6 Wellington, New Zealand

Wellington City Council selected THP technology from Cambi for a new sludge minimisation facility at Moa Point. The solution opens safe avenues for biosolids reuse, reducing landfilling by 80% and climate gas emissions by more than 60% in a cost-affordable way. The THP plant will be in use from 2026.



Singapore



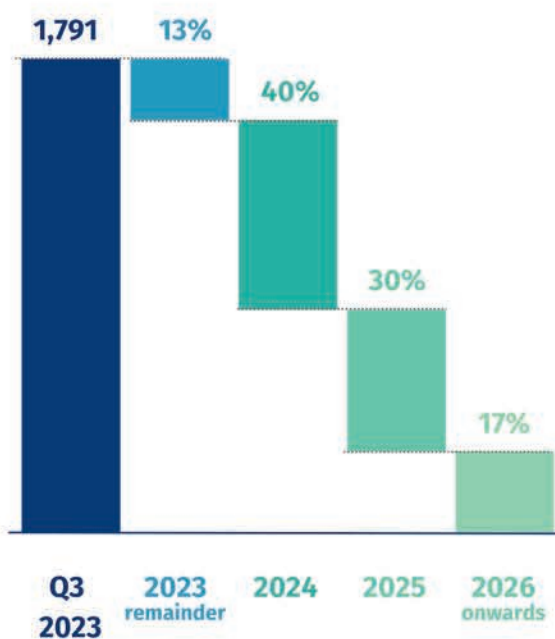
Perth, Australia



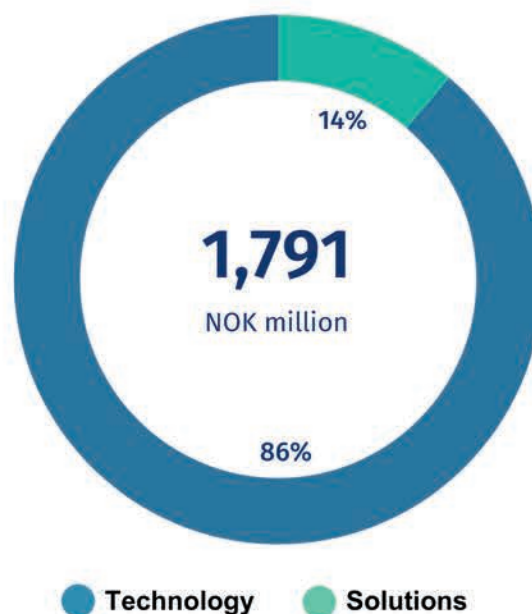
Wellington, New Zealand

Third quarter Order backlog

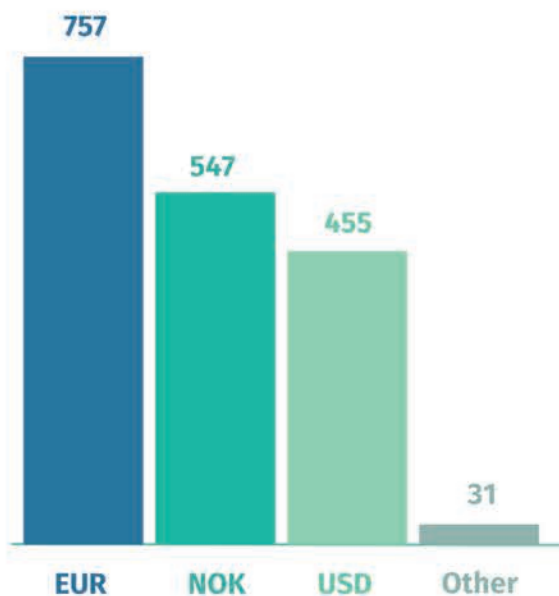
Backlog distribution
in NOK million



Backlog by segment



Backlog by currency
in NOK million, equivalent at Q3 2023 FX



Cambi's total order backlog at the end of the third quarter reached an all-time high of NOK 1,791 million.

The performance follows the award during the quarter of six new contracts within the Technology segment, setting a new record for quarterly order intake.

The Solutions segment backlog includes biosolids and garden waste contracts in Grønn Vekst and construction contracts in Services.

The order backlog is currently mainly in EUR, NOK, and USD.

Leveraging core strengths

Maximum global THP adoption

Cambi is the world's leading supplier of thermal hydrolysis process (THP) technology for sludge solids from wastewater treatment plants, an attractive niche market with considerable long-term growth potential.

Water utility companies usually acquire THP technology through public tenders for site capacity expansions or modernisation. Cambi is often a subcontractor in these tenders and considers it is **best positioned to win by remaining neutral** and offering its technology to several bidders.

In this context, Cambi **reduced its efforts to seek plant ownership** as part of design-build-operate (DBO) projects, often implying exclusive partnerships. Private financing will still be considered for individual projects when it can unlock the sale of THP technology, and Cambi is in a strong position to own and operate the THP plants it delivers.

Following this change in strategic direction and several quarters of significant organic growth, Cambi had surplus liquidity. Since the capital raised as part of the private placement in 2021 was partly planned to develop DBO projects, Cambi's Board of Directors proposed an Extraordinary General Meeting at the end of the third quarter, where a **dividend payment of NOK 0.60 per share** was approved.

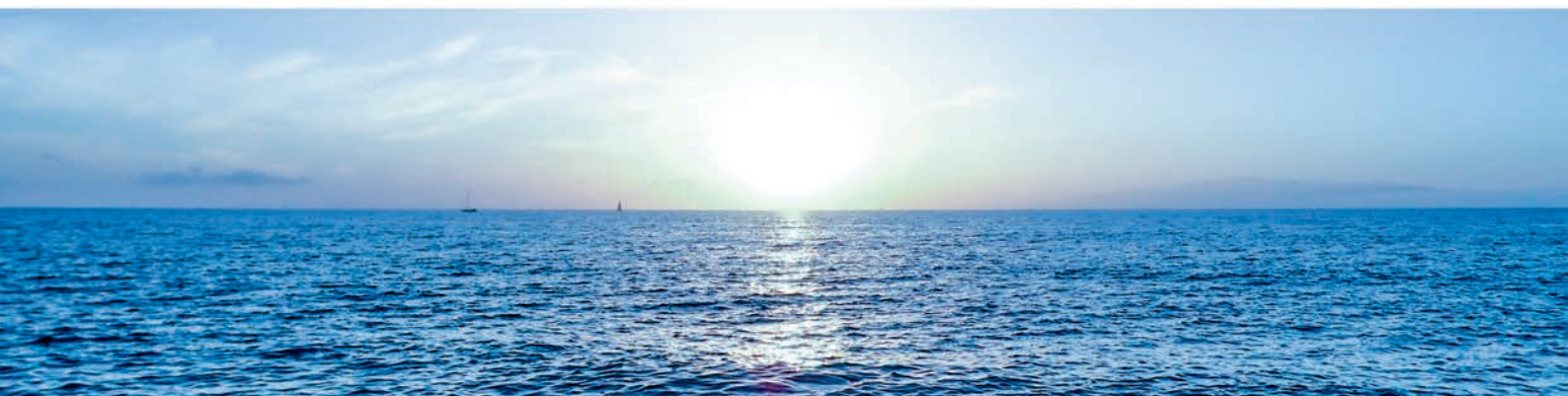
Growing recurring revenue streams

Apart from sales of THP equipment, Cambi is also servicing a growing installed base of its THP plants. All the systems delivered at wastewater treatment plants since the first one in Hamar in 1996 remain in operation. This remarkable achievement is as much a testament to Cambi's reliable, long-life technology as it is to its customer focus and broad portfolio of value-adding services.

Services related to regular THP maintenance and operations are recurring and provide stable, predictable returns. Upgrades and capacity expansions are mainly attractive for clients who have operated their THP assets for a while.

Grønn Vekst, Norway's leading producer of peat-free soils, also provides stable, predictable returns from contracts with municipalities to recycle wastewater solids and garden waste into sustainable soil products for bulk and retail use. The retail market for peat-free soils is particularly primed for long-term growth.

As a part of the new strategic direction, Cambi has changed its reporting segments. Sales of THP and related equipment at new sites will now be reported as part of the **Technology segment**. Offerings to existing THP sites and Grønn Vekst's business will now be reported within the **Solutions segment**. The new reporting structure better aligns company strategy, operations and financials.



Technology segment

Operational review

One new THP system in operation. On-schedule progress for all 15 projects currently in different stages of execution.

In Poland, the small THP system installed at the Południe wastewater treatment plant in Warsaw started operations between two existing digesters. It is Cambi's first reference plant designed for operations in this configuration.

In the USA, commissioning continued apace for the THP systems at the Blue River biosolids facility project in Kansas City, MO; the Neuse River resource recovery facility in Raleigh, NC; and the Piscataway bioenergy project in Prince George County, MD, near Washington, DC.

Installation of the THP systems at Damhusåen in Copenhagen, Denmark, and Schijnpoort in Antwerp, Belgium, also advanced steadily during the third quarter.

At Cambi's manufacturing workshop in Congleton, UK, five THP systems are gradually taking shape in preparation for shipment to clients in Norway, Bulgaria, and South Africa.

Several THP projects, including the quarter's six contract awards, are progressing well in the engineering phase, in line with execution schedules.



THP in operation at Południe in Warsaw, Poland



THP lift-in at Schijnpoort in Antwerp, Belgium



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 order intake, more than tripling order backlog from last year.

- **Operating income** for the third quarter was NOK 169 million, 183% more than the NOK 60 million recorded in the same quarter last year. The performance is driven by many ongoing equipment delivery projects and solid execution momentum enabling backlog conversion.
- **EBITDA** for the quarter ended at NOK 58 million, compared to NOK -13 million one year earlier. The EBITDA margin was 34%. The changes from last year are mainly higher project revenues and positive foreign exchange effects from weak NOK. In addition, operating expenses include a positive impact related to a reversal of cost accruals*.
- **Order intake** in the third quarter came from six new equipment contracts and clocked a record-high NOK 924 million, more than six times the NOK 144 million recorded in the same quarter of 2022. Cambi has earlier estimated that it would sign THP contracts with a total value of NOK 1.2 billion in the two years 2023-2024. Following the third quarter's order intake, this milestone has now been reached.
- **Order backlog** at the end of the third quarter was NOK 1,548 million, more than three-fold the NOK 495 million recorded one year earlier and almost doubling from NOK 793 million in the previous quarter. The record-high order backlog provides good visibility for financial performance in the coming two years.



*See note 3 on construction contracts.

Operational review

Building a solid foundation for recurring revenue growth in THP services and high-quality peat-free soil products for retail.

Services

During the third quarter, there has been a focus on recruitment to increase the capacity to follow up and support Cambi's growing THP client base with a broad services portfolio in all geographies.

The second THP system at Psyttalia near Athens, Greece, has entered operations during the quarter. The THP plant now processes all secondary solids from the site, compared to only half before the capacity expansion project, significantly reducing the energy demand for biosolids drying.

In the Netherlands, Cambi delivered and installed a new pressure tank for the THP plant in Hengelo. Once in operation, it will increase processing capacity by 50%.

The Ringsend upgrade project in Dublin, Ireland, progressed as planned with engineering and procurement activities.

The services team also carried out together with customers many annual maintenance stops before the regular maintenance season ended in October.

Grønn Vekst

Grønn Vekst sold 66,000 tonnes of soil in the third quarter, up from 59,000 tonnes in the same quarter last year. Projects in the Oslo area drove the increase. Total sales volume for the first three quarters is 173,500 tonnes.

The new soil packaging plant has achieved steady and effective operations. With the 2023 season for peat-free soil in bags coming to an end, production is shifting to volumes for 2024.

During the third quarter, Grønn Vekst secured the renewal of a small contract for garden waste handling in Drammen and its surroundings. All existing biosolids and garden waste contracts continue to be executed as planned.



New THP system in operation at Psyttalia in Athens, Greece



66,000

tonnes of peat-free soil
sold in the quarter



27

soil production
sites in Norway

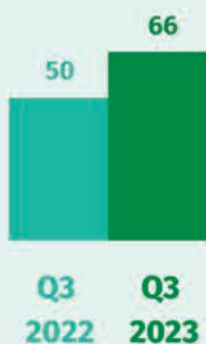
Financial review

The Solutions segment performs predictably and has good growth potential

- **Operating income** for the third quarter was NOK 66 million, an increase of 33% from NOK 50 million in the third quarter of 2022. The segment contributed with 28% of Cambi's operating income in the quarter.
- **EBITDA** ended the third quarter at NOK 13 million, compared to NOK 10 million one year earlier. The EBITDA margin was 19%.
- **Order intake** in the third quarter was NOK 59 million, up 46% from NOK 40 million recorded in the same quarter last year.
- **Order backlog** ended the quarter at NOK 242 million, 95% higher than one year earlier, when it was NOK 124 million. The backlog includes biosolids and garden waste contracts in Grønn Vekst and construction contracts in Services.

66

Operating
income



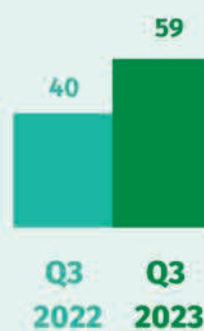
13

EBITDA



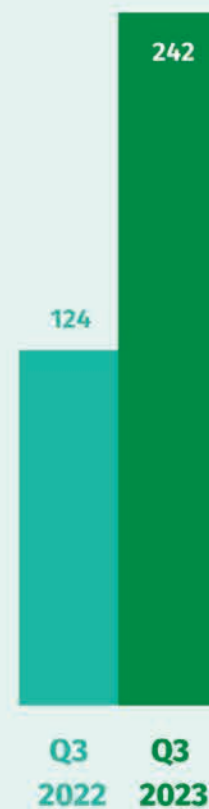
59

Order intake



242

Order backlog



in NOK million

Market

Cambi is well positioned to deliver profitable, long-term growth in both the Technology and Solutions segments.

Recent developments

Following the change in strategy to no longer actively seek THP plant ownership, Cambi held an Extraordinary General Meeting on 29 September and approved a dividend payment of NOK 0.60 per share. The payment was made in early October.

Later in the month, Cambi obtained the **ISO 45001:2018** certification for occupational health and safety management systems. Together with the certifications for quality (ISO 9001:2018) and environmental (ISO 14001:2018) management, the new certification demonstrates and reinforces Cambi's unwavering commitment to delivering value to customers in ways that make a positive contribution to the environment and communities where we operate, while providing employees with a healthy and safe work environment with room for personal development.

The recently awarded project in Be'er Sheva is located close to the ongoing conflict in Gaza. Cambi does not currently have any employees in the area. The project progresses through the engineering stage, followed next year by manufacturing in Congleton, UK. On-site work is only scheduled to commence in mid-2025.

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

Asker, 31 October 2023

Outlook

Water utility companies in cities from developed economies are stepping up investments to adopt a circular economy and maximise resource recovery from their wastewater solids. Pioneering peers in emerging economies are following suit.

The demand for reliable technology addressing this need is higher than ever, and Cambi is ideally placed to take advantage. The trend has been gathering pace recently and has materialised in the third quarter in many new contracts for Cambi in established and new markets.

Operating income remained high in the quarter, as Cambi delivered steadily on a substantial project portfolio. As the business is highly scalable, profit margins are healthy. With a record-high order intake this year, Cambi expects to deliver significant revenue and profit growth in 2023.

The THP sales pipeline continues to increase. However, Cambi has limited influence in the timing of new THP contracts, and quarterly and annual results for the Technology segment are expected to fluctuate accordingly.

The Solutions segment delivers more stable performance than THP equipment sales. There is good potential for growing recurring revenues from servicing an increasing installed base of THP plants and developing the services offered. Grønn Vekst is well-positioned to grow with the incipient Norwegian retail market for peat-free soil products.

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

Q3 2023

Interim financial statements with notes

Consolidated statement of profit and loss

Unaudited, in NOK million

	Q3 2023	Q3 2022	YTD Q3 2023	YTD Q3 2022
Operating income	234.8	109.2	682.4	283.0
Cost of goods sold	119.2	57.9	305.6	151.7
Gross margin	115.6	51.4	376.8	131.3
Payroll expenses	41.9	33.1	117.8	94.3
Other operating expenses	3.5	20.6	68.4	63.1
Operating expenses	45.4	53.8	186.2	157.4
EBITDA	70.1	-2.4	190.6	-26.1
Depreciation and amortisation	6.0	3.0	18.0	7.6
Operating profit	64.1	-5.4	172.6	-33.7
Net financial items	6.0	2.9	-1.0	1.7
Profit/ loss before tax	70.1	-2.5	171.6	-32.0
Tax expense	0.0	0.1	0.5	1.0
Net profit/ loss	70.1	-2.6	171.1	-33.0
Attributable to				
Equity holders of the parent company	70.5	-2.3	172.1	-32.2
Non-controlling interests	-0.3	-0.3	-0.9	-0.8

Consolidated statement of financial position

Unaudited, in NOK million

<i>Assets</i>	Q3 2023	Q3 2022	Year 2022
Intangible assets	66.6	88.0	81.9
Tangible assets	31.7	19.1	19.7
Financial assets	1.0	1.9	1.0
Total non-current assets	99.3	108.9	102.7
Inventories	75.1	47.9	43.3
Debtors	222.0	144.7	162.8
Financial assets	101.7	100.5	101.7
Bank deposits	282.2	110.0	166.9
Total current assets	681.0	403.2	474.7
Total assets	780.3	512.1	577.3

Unaudited, in NOK million

<i>Equity</i>	Q3 2023	Q3 2022	Year 2022
Total equity	488.6	418.6	401.9

Unaudited, in NOK million

<i>Liabilities</i>	Q3 2023	Q3 2022	Year 2022
Non-current liabilities	0.3	1.5	1.1
Current liabilities	291.3	92.0	174.2
Total liabilities	291.6	93.4	175.4
Total equity and liabilities	780.3	512.1	577.3

Consolidated statement of cash flows

Unaudited, in NOK million

	Q3 2023	Q3 2022	YTD Q3 2023	YTD Q3 2022
Cash flows from operating activities				
Profit/ loss before tax	70.1	-2.5	171.6	-32.0
Tax paid for the period	0.0	-0.9	-0.5	-2.8
Ordinary depreciation	6.0	3.0	18.0	7.6
Change in inventory	0.2	-0.8	-31.8	-2.8
Change in accounts receivable	18.4	19.8	-68.0	7.9
Change in accounts payable	-9.0	-6.6	16.0	-4.0
Effect of exchange rate fluctuations	-5.8	2.9	3.4	9.6
Change in other accrual items	35.2	-25.1	45.1	7.2
Net cash flows from operating activities	115.3	-10.1	154.0	-9.2
Cash flows from investment activities				
Payments for the purchase of fixed assets	-1.3	-0.2	-14.4	-1.5
Payments for purchase of intangible assets	0.0	-0.1	-0.1	-48.8
Payments for share buy back			-1.0	
Proceeds from the sales of shares			1.6	
Proceeds from the sales of money market fund shares				100.2
Net cash flows from investment activities	-1.4	-0.3	-13.9	49.8
Cash flows from financing activities				
Instalment payments of long-term liabilities	-0.2	-0.3	-0.8	-1.0
Dividends paid			-24.0	
Change investment equity method	0.1	0.2	0.1	0.2
Net cash flows from financing activities	-0.1	-0.1	-24.7	-0.8
Net change in cash and cash equivalents	113.8	-10.5	115.3	39.9
Cash and cash equivalents at the start of the period	168.4	120.5	166.9	70.1
Cash and cash equivalents at the end of the period	282.2	110.0	282.2	110.0

Consolidated statement of changes in equity

Unaudited, in NOK million

	Share capital	Own shares	Share premium	Other equity	Minority interests	Total
Equity as of 1 January 2023	3.2	-0.0	295.0	101.9	1.9	401.9
Profit 2023				172.1	-0.9	171.1
Share buyback program		-0.0		-1.0		-1.0
Share-based incentive program		0.0		8.9		8.9
Dividend				-96.0		-96.0
Currency effects				3.6	0.0	3.6
Equity as of 30 September 2023	3.2	-0.0	295.0	189.4	1.0	488.6

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 utilities. 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 third quarter of 2023.

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

Note 2 - Operating segments

Unaudited, in NOK million

	Technology				Solutions			
	Q3 2023	Q3 2022	YTD Q3 2023	YTD Q3 2022	Q3 2023	Q3 2022	YTD Q3 2023	YTD Q3 2022
Operating income	168.7	59.7	498.1	134.5	66.1	49.6	184.2	148.5
Cost of goods sold	77.4	28.8	198.7	65.9	41.8	29.1	106.9	85.8
Gross margin	91.3	30.9	299.5	68.6	24.3	20.5	77.3	62.7
Payroll expenses	34.0	26.6	96.4	76.0	7.9	6.5	21.4	18.3
Other operating expenses	-0.3	16.9	54.0	50.6	3.8	3.7	14.4	12.5
Operating expenses	33.7	43.6	150.4	126.6	11.7	10.2	35.8	30.8
EBITDA	57.6	-12.7	149.1	-58.0	12.5	10.3	41.5	31.9
Depreciation and amortisation	4.5	2.3	13.6	5.4	1.5	0.7	4.4	2.2
Operating profit	53.1	-15.0	135.5	-63.4	11.0	9.6	37.1	29.7

In September 2023, Cambi changed its reporting segments as part of a strategic prioritisation to emphasise its core strengths as a technology and solutions supplier. As a result, Cambi has decided to reduce its efforts to seek plant ownership actively.

The new reporting structure, comprising the segments Technology and Solutions, better aligns the company's strategy, operations and financials.

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.

The DBO Projects sub-segment previously found in the Cambi Invest segment is no longer of strategic priority.

Note 3 - Construction contracts

Unaudited, in NOK million

	Q3 2023	Q3 2022
Earned, not invoiced project income (in balance sheet)	105.4	85.5
Accrued project cost, provision and guarantees (in balance sheet)	122.9	47.3
Accumulated recorded income for ongoing projects	775.8	447.0
Accumulated cost related to recorded income	342.1	195.0
Net accumulated contribution from ongoing projects	433.7	252.0

Income 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 18 ongoing construction projects at the end of the third quarter, of which 15 in the Technology segment and 3 in the Solutions segment.

As of 30 September 2023, the accumulated contribution from ongoing projects was NOK 434 million, recognised through profit and loss from the commencement of the projects.

Project-related costs in the operational expenses have been reviewed as a part of changing the reporting segments. Some smaller cost categories have been reclassified as being a part of COGS. This has no impact on EBITDA, but slightly reduces operational expenses and increases COGS. In addition, some project-related cost accruals have been reversed, which has a positive impact of NOK 20 million in the third quarter. Of this impact, around half is related to 2022 and the remaining effect is from the first half of this year.

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CAMBI ASA | THIRD-QUARTER RESULTS 2023

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