

# Q1 21

CAMBI ASA | FIRST-QUARTER RESULTS 2021

CAMBI

# Turning wastewater solids and organic wastes into **valuable bioresources**



Cambi THP plant. Ourense, Spain

Cambi boosts the green circular economy in many cities around the world, enabling municipal utilities to increase their resource recovery and improve local environments.

Using proprietary technology and detailed know-how built over several decades, Cambi delivers reliable and affordable waste treatment solutions. By processing efficiently large volumes of sewage sludge and other raw materials, our proven solutions make green energy and high-quality soil products.

Cambi thermal hydrolysis systems are installed in 24 countries on all continents, mainly at wastewater treatment facilities owned by leading water utilities. Subsidiary company Grønn Vekst is the market leader in Norway for transforming sewage sludge and organic wastes into sustainable soil products.



## Highlights

- » **The revenue** for the first quarter was NOK 108 million (NOK 76 million), an increase of 42% compared to last year. In the first quarter there was a strong revenue growth in the Equipment subsegment of Cambi Group, while revenue declined in the Services subsegment due to fewer ongoing upgrade projects. As expected, revenue in Cambi Invest declined due to lower soil sales as a result of the winter weather compared to last year's mild first quarter.
- » **The first quarter EBITDA** before non-recurring items was NOK 5.5 million (NOK 3.7 million), an increase of 49% compared to last year. Product development costs are expensed and amounted to net NOK 1.5 million for the first quarter. Cambi had non-recurring costs in the period of NOK 1.8 million. The costs were related to the listing on Euronext Growth.
- » **The operating cash flow** was NOK -8.2 million compared to NOK -31.8 million in the first quarter of 2020.
- » **Order intake** for the first quarter ended at NOK 153 million, an increase of 4.9% compared to NOK 146 million in the first quarter 2020. At constant currency (2020 rates), order intake was up 18.7% from 2020. Cambi Group's Equipment subsegment signed three new thermal hydrolysis projects in the UK, USA and South Africa, in addition to an upgrade project in Norway.
- » **Order backlog** ended at NOK 483 million, an increase of 44% compared to last year. At constant currency (2020 rates), backlog was up 66% from the first quarter last year.
- » On February 9, Cambi listed on Euronext Growth in Oslo, with DNB Asset Management and Handelsbanken Fonder as cornerstone investors.



Key numbers in NOK million, Cambi ASA. EBITDA: before non-recurring items

# Order intake

## Secunda, South Africa 1

Cambi signed a contract with Sasol, an integrated energy and chemicals company, to supply a thermal hydrolysis pilot plant to process industrial sewage sludge. The thermal hydrolysis process will treat sewage sludge from Sasol's Secunda coal-to-liquids facilities in South Africa. Should the pilot be successful, there may be an opportunity for a full-scale project to support the reduction of Sasol's generated waste volumes and, consequently, the site's carbon footprint. This is Cambi's first reference in Africa, a breakthrough in a promising market.

## West Sussex, UK 3

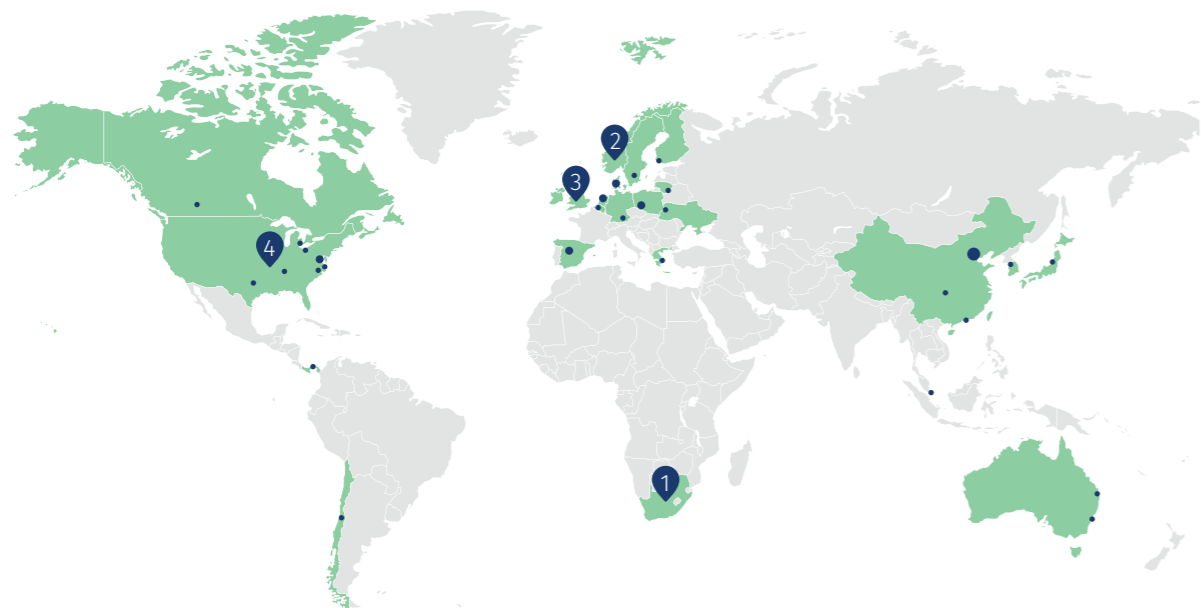
Cambi inked its first project with the utility Southern Water to commission a thermal hydrolysis process at the Goddards Green Sludge Recycling Centre (SRC) near Burgess Hill in West Sussex, UK. The plant will shift from lime stabilisation, a low-tech treatment method producing low quality and odourous biosolids cake, to advanced anaerobic digestion using Cambi's thermal hydrolysis process. Cambi will deliver a modular B2 system set to eliminate odour issues and provide a stable, high-quality fertiliser.

## Verdal, Norway 2

Cambi was awarded the contract to build a new digester for Ecopro, located in Verdal, Norway. The expansion will allow Ecopro to process more food waste and sewage sludge from participating municipalities and increase biogas output. Cambi delivered a turn-key plant to Ecopro in 2008, as a part of a three-year long build, operate and transfer project, including the thermal hydrolysis process. This project reflects Cambi's experience in supplying components for the entire sludge line.

## Kansas City, MO, USA 4

Cambi won a new contract to deliver a thermal hydrolysis system for Kansas City Water's (KCMO) Blue River Biosolids Facility. Goodwin Brothers Construction will be the construction partner, with Black & Veatch responsible for the engineering. The project will increase the capacity of existing digesters, reduce costs, and produce biosolids meeting the highest American quality standards. Blue River will be the first THP facility in Missouri and Cambi's ninth reference in the US market.



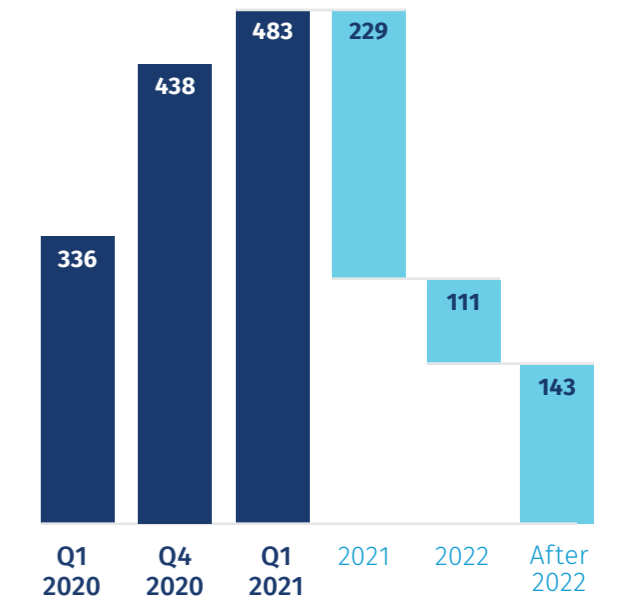
# Order backlog

The first quarter ended with a total backlog of NOK 483 million, of which Cambi Group's share is 87%. Nearly half of the backlog is scheduled for delivery in 2021.

Cambi Group's backlog is primarily denominated in foreign currencies, while Cambi Invest's is all in Norwegian kroner from Grønn Vekst's upstream contracts.

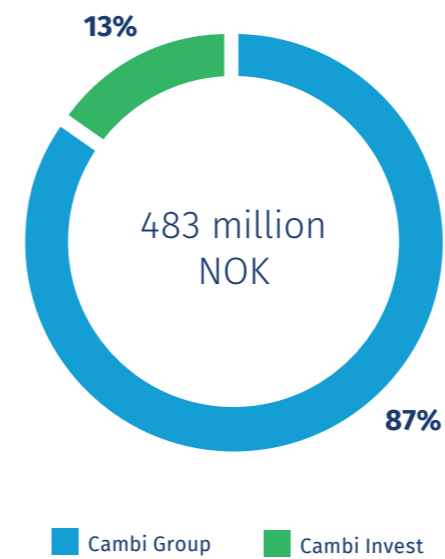
The backlog distribution may be affected by foreign exchange rate fluctuations and adjustments to the projects' percentage of completion.

## Backlog distribution

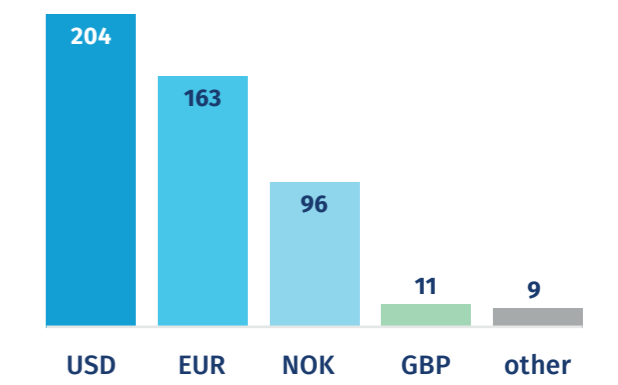


in million NOK

## Backlog by segment



## Backlog by currency



in million NOK, equivalent at Q1 2021 FX

# Cambi Group Operational review

Cambi Group had high activity in the workshop and at sites without major disruptions or delays.

## Equipment

The manufacturing facility in Congleton, UK, is working on deliveries for the Piscataway and Raleigh projects in the US, Gaoantun in China, and Sasol in South Africa.

Mechanical installation of a THP system was completed at the Luoqi food waste treatment plant in Chongqing, China.

## Services

Services completed annual shutdowns at several sites in the UK and USA, with two more streams compared to last year. In the UK, Cambi is working towards taking full charge of the shutdowns at more of the plants served, stepping up from having a supervisory role to a recurring service model.



Cambi THP plant. Medina County, OH, USA.



Cambi THP plant. Hengelo, The Netherlands.

**109**

million people contribute to and benefit from an improved local environment, in municipalities serviced by Cambi's THP installations.

**74**

facilities have chosen Cambi's thermal hydrolysis solutions

**0**

reportable incidents

# Cambi Group Financial review

Order backlog of NOK 419 million, up 54% compared to last year.

## Revenue

Segment revenue was NOK 90.3 million compared to NOK 57 million in the same quarter last year. Equipment revenue increased 116% compared to last year as a result of a strong opening backlog and order intake in the quarter.

Services spare parts and annual shutdown revenues ended at the same level as last year, but total subsegment revenue had a decline of 33% due to more upgrade projects in the same period last year.

## EBITDA

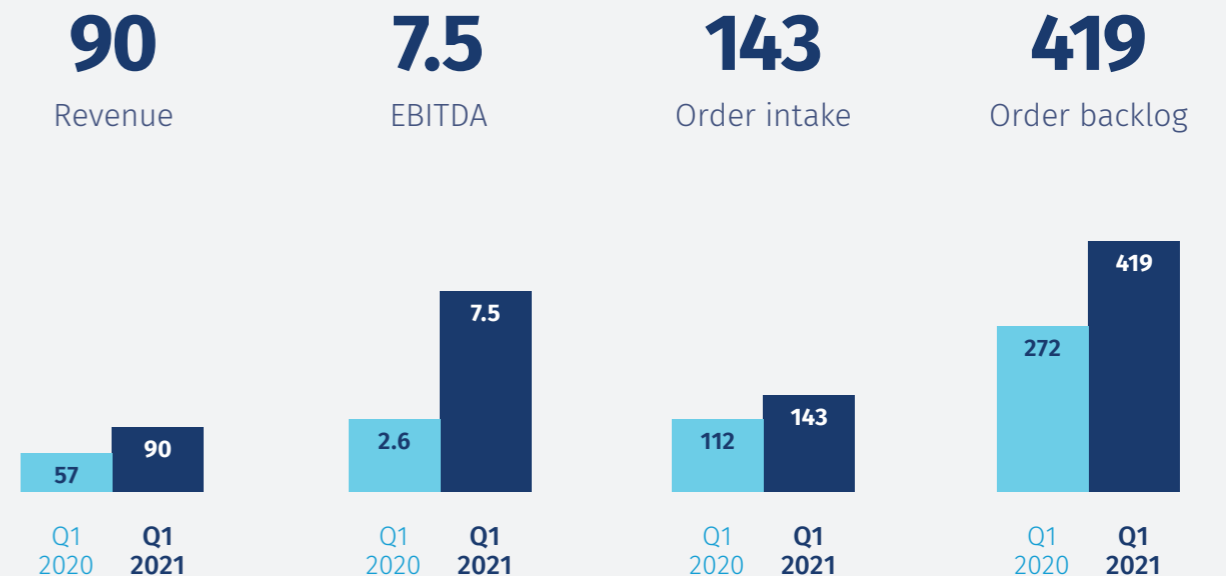
EBITDA before non-recurring items was NOK 7.5 million (NOK 2.6 million), with margin increasing from 4.6% to 8.3%. The margin increase is

mainly due to higher revenue, partially offset by lower upgrades revenue and strengthening of the Norwegian kroner.

Product development costs are expensed and amounted to net NOK 1.5 million for the first quarter. Cambi had non-recurring costs in the period of NOK 1.8 million. The costs were related to the listing on Euronext Growth.

## Order intake

Order intake ended at NOK 143 million in the first quarter, an increase of 27% from NOK 112 million last year. At constant currency, order intake ended up 45% compared to last year. The Equipment subsegment accounted for 70% at NOK 99.7 million, while Services booked contracts for NOK 43.2 million.



Numbers in NOK million, Cambi Group. EBITDA: before non-recurring items

# Cambi Invest Operational review

Soil sales affected by winter conditions, compared to the mild first quarter last year.

## Recycling

The first quarter of 2021 was characterised by typical Norwegian winter weather, with snow and freezing temperatures that slow down the soil seeding/mixing process. Nevertheless, soil sales were higher than expected, reaching 25,000 tonnes in the quarter (27,500 in 2020, 6,800 tonnes in 2019).

Four new production sites started operations during the quarter, one in Larvik and the others in the greater Oslo area. In February and March, Grønn Vekst delivered 10,000 tonnes of soil in Bærum to cover a closed landfill and create new farmland.

Wildflower habitats support a broad biodiversity of animals and insects, and the demand for soil suitable for wildflowers is increasing. In response, Grønn Vekst has initiated a project looking into the effects of compost and stonemeal on plant growth, with the purpose to establish wildflower meadows. A three-month pilot trial aims to develop optimal fertiliser and irrigation regimes. The results will help plan a field trial starting this summer.

## DBO Projects

The activity level on DBO project development has been high during the quarter, with several projects in tender-phase at the end of the quarter. In parallel, Cambi is actively initiating dialogues with potential customers and partners in various countries to identify and develop privately financed projects.



Soil products in agricultural use. Near Aberdeen, UK.

**25,000**

tonnes of peat-free soils sold in Q1 2021

**4**

new production sites started operations during Q1 2021

**0**

reportable incidents

# Cambi Invest Financial review

## Revenue

First-quarter revenue was NOK 18.0 million, down 6.8% from NOK 19.2 million in the same quarter last year. Lower revenue for Grønn Vekst is primarily due to a 10% volume reduction of soil sales compared to the mild winter last year.

## EBITDA

The first quarter EBITDA was NOK (2.0) million, down from NOK 1.1 million in the same quarter of 2020. The reduction is primarily due to lower revenue, higher costs due to challenging weather conditions for soil production, and DBO development costs. The EBITDA for the first-quarter 2020 did not include DBO development costs. Overall, the results exceeded low-season expectations.

## Order intake

Order intake for the quarter was NOK 10.1 million (NOK 33.6 million), entirely ascribed to Grønn Vekst. There were no new major tender awards in the Recycling subsegment during the first quarter of 2021, whereas several major garden waste contracts were awarded during the first quarter of 2020.

## Order backlog

The order backlog currently reflects the biosolids and garden waste management contracts of Grønn Vekst. The order backlog for the segment in the first quarter was at the same level as one year earlier, NOK 64 million, of which NOK 44 million are firm orders.



Numbers in NOK million, Cambi Invest. EBITDA: before non-recurring items

# Market

## Growing interest in Cambi's solutions and high tender activity

There is growing interest in Cambi's solutions, as witnessed by an increase in website traffic and higher participation in webinars compared to the same quarter last year, which ultimately brings new qualified leads in the sales pipeline.

The tender activity is high, with the number of price submissions up 50% compared to the same period last year. The increase is seen across all regions, and in both the Equipment and the DBO subsegments, including early-stage interest from Middle East projects picking up.

## Recent Developments

During the second quarter, Cambi has so far signed two new contracts for thermal hydrolysis plants, both located in central Poland, in Warsaw and Jarocin. In Warsaw, a packaged B2 plant installed between two existing digesters will maximise the benefits of thermal hydrolysis, boosting biogas output and producing high quality, easier to handle biosolids. In Jarocin, the B2 plant will be at the heart of a new modern sludge line that produces



Cambi cake at Basingstoke, UK.

high quality biosolids intended for land application as biofertiliser. These will be Cambi's third and fourth references in the country, respectively.

In early May, Cambi received a Letter of Intent to deliver a thermal hydrolysis installation to Charlotte Water in Charlotte, NC, USA. THP was evaluated to have net negative greenhouse gas emissions due to the increase in biogas production and the ability to use renewable biogas to offset fossil fuels. The project contributes to the City of Charlotte's goal to become carbon neutral by 2050.

## Outlook

The revenue expected for 2021 remains between NOK 480 and 510 million. The EBITDA margin expectation is in the lower end of the previously communicated range of 12 to 14%.

The uptake of thermal hydrolysis and advanced anaerobic digestion for sludge treatment around the world remains strong. Cambi continuously monitors and analyses the drivers for the market and is confident in the increasing demand for reliable, energy-efficient, environmentally friendly solutions for sludge treatment among cities, utilities, and businesses.

Though the company will continue to focus on organic growth, it will also assess the potential acquisition of companies that provide complementary technologies and solutions.

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

Asker, 26 May 2021

Q1 2021

# Interim financial statements

## Consolidated statement of profit and loss

Unaudited, in NOK million

	Q1 2021	Q1 2020
<b>Operating income</b>	<b>108.2</b>	<b>76.3</b>
Costs of goods sold	53.7	27.9
Payroll expenses	33.6	30.1
Depreciation & amortisation expenses	2.3	1.6
Other operating expenses	17.3	14.6
<b>Operating expenses</b>	<b>106.8</b>	<b>74.2</b>
Operating profit	1.4	2.0
Net financial items	-3.7	-14.6
<b>Profit (loss) before tax</b>	<b>-2.3</b>	<b>-12.6</b>
Tax expense	0.2	-
<b>Net profit (loss)</b>	<b>-2.5</b>	<b>-12.6</b>
<b>Attributable to</b>		
Equity holders of the parent company	-1.8	-11.9
Non-controlling interests	-0.7	-0.7
<b>EBITDA</b>	<b>3.7</b>	<b>3.7</b>
<b>Non-recurring items<sup>1</sup></b>	<b>1.8</b>	<b>0</b>
<b>EBITDA before non-recurring items</b>	<b>5.5</b>	<b>3.7</b>

1) Cambi had non-recurring costs in the period of NOK 1.8 million. The costs were related to the listing on Euronext Growth.

## Consolidated statement of financial position

Unaudited, in NOK million

<i>Assets</i>	<b>Q1 2021</b>	<b>Q1 2020</b>	<b>Year 2020</b>
Total intangible assets	47.9	47.0	45.4
Total tangible fixed assets	20.4	17.5	20.2
Total financial assets	1.9	2.4	2.1
<b>Total non-current assets</b>	<b>70.2</b>	<b>67.0</b>	<b>67.7</b>
Inventories	28.8	24.9	27.3
Total debtors	138.9	113.1	141.6
Bank deposits	348.0	41.4	46.0
<b>Total current assets</b>	<b>515.7</b>	<b>179.4</b>	<b>214.8</b>
<b>Total assets</b>	<b>586.0</b>	<b>246.4</b>	<b>282.6</b>

Unaudited, in NOK million

<i>Equity</i>	<b>Q1 2021</b>	<b>Q1 2020</b>	<b>Year 2020</b>
<b>Total equity</b>	<b>425.5</b>	<b>136.2</b>	<b>138.4</b>

Unaudited, in NOK million

<i>Liabilities</i>	<b>Q1 2021</b>	<b>Q1 2020</b>	<b>Year 2020</b>
Non-current liabilities	14.5	19.9	14.7
Current liabilities	146.1	90.3	129.5
<b>Total liabilities</b>	<b>160.5</b>	<b>110.2</b>	<b>144.2</b>
<b>Total equity and liabilities</b>	<b>586.0</b>	<b>246.4</b>	<b>282.6</b>

## Consolidated statement of cash flow

Unaudited, in NOK million

	<b>Q1 2021</b>	<b>Q1 2020</b>
<b>Cash flows from operating activities</b>		
Profit / loss before tax	-2.3	-12.6
Tax paid for the period	-1.9	-3.9
Ordinary depreciation	2.3	1.6
Change in inventory	-1.6	-3.9
Change in accounts receivable	15.2	-11.3
Change in accounts payable	-5.9	-2.5
Effect of exchange rate fluctuations	-0.1	10.1
Change of other accrual items	-14.0	-9.4
<b>Net cash flow from operating activities</b>	<b>-8.2</b>	<b>-31.8</b>
<b>Cash flows from investment activities</b>		
Payments for the purchase of fixed assets	-1.3	-0.7
Proceeds from the sale of shares in other companies	-	4.9
Payments for the purchase of shares in other companies	-	-
<b>Net cash flow from operating activities</b>	<b>-1.3</b>	<b>4.2</b>
<b>Cash flows from financing activities</b>		
Proceeds from the issuance of new short-term liabilities	31.0	-
Instalment payments of long-term liabilities	-0.2	-0.4
Instalment payments of short-term liabilities	-	-81.0
Net change in bank overdraft	-5.0	25.2
Net proceeds from private placement	285.6	-
Change investment equity method	0.2	-
Purchase of remaining 20% stake in Grønn Vekst	-	-
<b>Net cash flows from financing activities</b>	<b>311.6</b>	<b>-56.1</b>
<b>Net change in cash and cash equivalents</b>	<b>302.0</b>	<b>-83.8</b>
<b>Cash and cash equivalents at the start of the period</b>	<b>46.0</b>	<b>125.2</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>348.0</b>	<b>41.4</b>

## Consolidated statement of changes in equity

Unaudited, in NOK million

<i>Equity Q1 2021</i>	<b>Share capital</b>	<b>Own shares</b>	<b>Share premium</b>	<b>Other Equity</b>	<b>Minority interests</b>	<b>Total</b>
<b>Equity at 31 December 2020</b>	<b>2.8</b>	<b>0.0</b>	<b>17.9</b>	<b>116.5</b>	<b>1.2</b>	<b>138.4</b>
Profit first-quarter 2021				-1.8	-0.7	-2.5
Share capital increase	0.4		288.9			289.3
Currency effects				0.3	0.0	0.4
<b>Equity at 31 March 2021</b>	<b>3.2</b>	<b>0.0</b>	<b>306.8</b>	<b>115.0</b>	<b>0.5</b>	<b>425.5</b>

## Notes

### Note 1 - Reporting entity

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

#### *Basis of accounting*

Cambi's interim financial statements are prepared following the Norwegian Accounting Act and generally accepted accounting principles in Norway ("NGAAP"). The condensed interim statements' accounting policies are consistent with the ones used to prepare the consolidated financial statements included in Cambi's annual report for 2020. They should be read in conjunction with the annual report for 2020. They do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to describe events and transactions significant to understanding the changes in financial position and performance since the last annual financial statements.

#### *Judgements, estimates and assumptions*

The preparation of the consolidated interim financial statements according to NGAAP requires management to make judgments, estimates and assumptions for each reporting period. The main judgements, estimates and assumptions are described in the annual consolidated financial statements for 2020. Actual results may differ from these estimates. Management's significant judgements in preparing this interim financial report were made applying the same accounting policies and principles as those described in the 2020 annual report.

### Note 2 - Operating segments

Unaudited, in NOK million

	<i>Cambi Group</i>		<i>Cambi Invest</i>	
	<b>Q1 2021</b>	<b>Q1 2020</b>	<b>Q1 2021</b>	<b>Q1 2020</b>
<b>Operating income</b>	<b>90.3</b>	<b>57.0</b>	<b>18.0</b>	<b>19.2</b>
Costs of goods sold	41.9	16.6	11.8	11.2
Payroll expenses	29.0	25.5	4.6	4.6
Depreciation & amortisation expenses	1.7	1.4	0.6	0.3
Other operating expenses	13.8	12.3	3.5	2.4
<b>Operating expenses</b>	<b>86.3</b>	<b>55.7</b>	<b>20.5</b>	<b>18.5</b>
<b>Operating profit</b>	<b>4.0</b>	<b>1.3</b>	<b>-2.6</b>	<b>0.8</b>
Net financial items	-3.4	-13.9	-0.3	-0.7
<b>Profit (loss) before tax</b>	<b>0.5</b>	<b>-12.7</b>	<b>-2.8</b>	<b>0.1</b>
<b>EBITDA</b>	<b>5.7</b>	<b>2.6</b>	<b>-2.0</b>	<b>1.1</b>
<b>Non-recurring items</b>	<b>1.8</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>EBITDA before non-recurring items</b>	<b>7.5</b>	<b>2.6</b>	<b>-2.0</b>	<b>1.1</b>



**The Cambi Group segment** comprises the sale of thermal hydrolysis process (THP) plants and ancillary equipment, together with related services, including plant upgrades, spare parts, site support, and consultancy.

**The Cambi Invest segment** aims to create investment opportunities connected to the THP technology, both in companies (e.g., portfolio company Grønn Vekst) and DBO projects (Design, Build and Operate).

Grønn Vekst recycles organic resources, i.e., sewage sludge, garden waste, and stonemeal from municipalities and industry. It produces high-quality soil products based on compost as substitutes for peat-based soils. Grønn Vekst is Norway's largest soil producer and leading sewage sludge recycling company.

DBO projects are investment opportunities, where Cambi (with partners) owns and operates sludge treatment lines powered by Cambi's thermal hydrolysis process. All projects in this area are currently in development stages, and Cambi is committed to investing and closing new DBO contracts.

### Note 3 - Construction Contracts

Unaudited, in NOK million

	Q1 2021	Q1 2020
Earned, not invoiced project revenue (in BS)	84.7	62.2
Accrued project cost, provision and guarantees	46.3	14.1
Accumulated recorded revenue for ongoing projects	206.6	272.9
Accumulated cost related to recorded revenue	95.8	103.5
<b>Net accumulated contribution from ongoing projects</b>	<b>110.8</b>	<b>169.3</b>

Revenues from construction contracts are recognised on the percentage-of-completion method, measured by the percentage of costs incurred to date in relation to estimated total costs for each contract. The group has 13 ongoing construction projects at the end of the first-quarter 2021, and had 9 projects at the end of 2020. As of end of the first-quarter 2021, the accumulated contribution from ongoing projects was NOK 110.8 million, which has been recognised through profit and loss from the commencement of the projects.

### Note 4 - Share capital

Total share capital following the NOK 302.4 million private placement in the first-quarter 2021 is 3,201,474 divided into 160,073,700 shares with a face value of NOK 0.02. There was a share split 1:50 of existing shares and 21,000,000 new shares were issued and sold at NOK 14.40. The private placement transaction costs of NOK 13.1 million were offset giving an equity increase of NOK 289.3 million.

# Q121

CAMBI ASA | FIRST-QUARTER RESULTS 2021

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