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CAMBI ASA | FIRST-QUARTER RESULTS 2023

CAMBI



Cambi's technology and solutions are transforming wastewater solids and organic wastes into valuable bioresources, enabling the circular economy in cities and industries around the world.

Two business segments

Cambi Group comprises the delivery of thermal hydrolysis process (THP) **Equipment** and complete systems, together with related **Services**, including site and operations support, maintenance, spare parts, upgrades and consultancy.

Cambi Invest delivers on opportunities connected to the THP technologies, including design-build-operate (DBO) projects in which Cambi retains an ownership stake and operations (**DBO Projects**), and soil products **Recycling** (i.e., portfolio company Grønn Vekst).

First quarter Highlights

- **Revenue** in the first quarter amounted to NOK 210 million, up NOK 141 million (203%) against the same quarter last year and up NOK 52 million (33%) versus the previous quarter. A key driver for the increase is the continued solid project execution of a record-high order backlog entering the year, in addition to a weaker NOK which has a positive impact on project revenues in foreign currencies.
- **EBITDA** was NOK 57 million, up from NOK -21 million in the first quarter of 2022. The increase against the prior year and 95% sequentially is primarily driven by higher revenue. Gross margin ended at 61%, up from 43% last year. Sales, general and administrative expenses were NOK 72 million against NOK 51 million last year, driven by project-related costs.
- **Operating cash flow** in the first quarter was NOK 34 million compared to NOK -49 million in the same quarter of last year. The increase is from higher net profits and changes in accruals.
- **Order intake** in the period was NOK 333 million, up from NOK 15 million in the first quarter of 2022. The order intake includes the announced Equipment contract in Fredrikstad and positive development in foreign exchange rates in the quarter.
- The company finished the first quarter of 2023 with an **order backlog** of NOK 1,079 million, up 166% from NOK 406 million a year ago, and up NOK 13 million from NOK 1,066 million at the end of the fourth quarter 2022.

210

Revenue



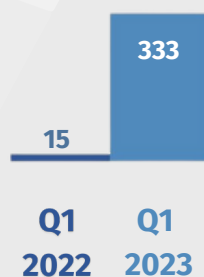
57

EBITDA



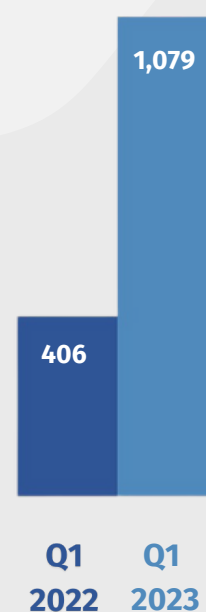
333

Order Intake



1,079

Order Backlog



in NOK million



Order intake

Cambi signed one Equipment contract in the first quarter for a project in Norway, in addition to moving forward with the upgrade project in Dublin.

Fredrikstad, Norway

After a successful cooperation phase, the construction contract for a turnkey sludge treatment plant at the Øra wastewater treatment plant in Fredrikstad, Norway, has now been signed by Cambi and Frevar. The cooperation phase resulted in a preliminary plant design focusing on energy and cost efficiency.

The handover of the entire THP-based sludge digestion plant, apart from digesters and sludge storage tanks, is scheduled for 2027. The contract is Cambi's tenth in Norway.

Ringsend upgrade, Dublin

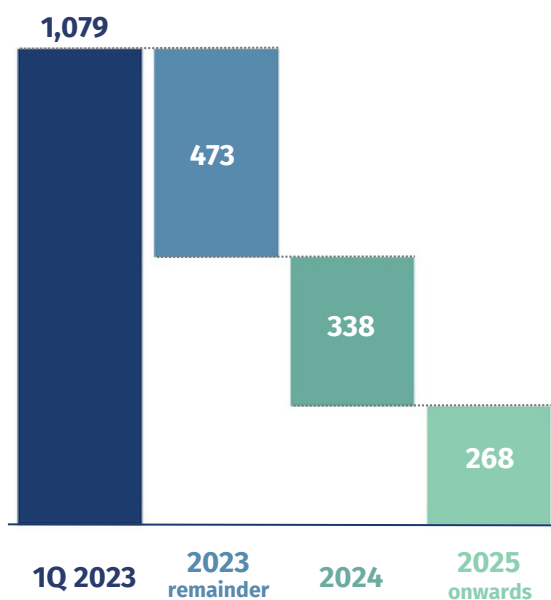
In January, Cambi commenced early works for the comprehensive upgrade of the newest of three THP systems in operation at the Ringsend wastewater treatment plant in Dublin, Ireland.

Operated by Celtic Anglian Water, Ringsend was Cambi's first large-scale plant, commissioned in the early 2000s for utility Irish Water. The project is set to finish in 2024.

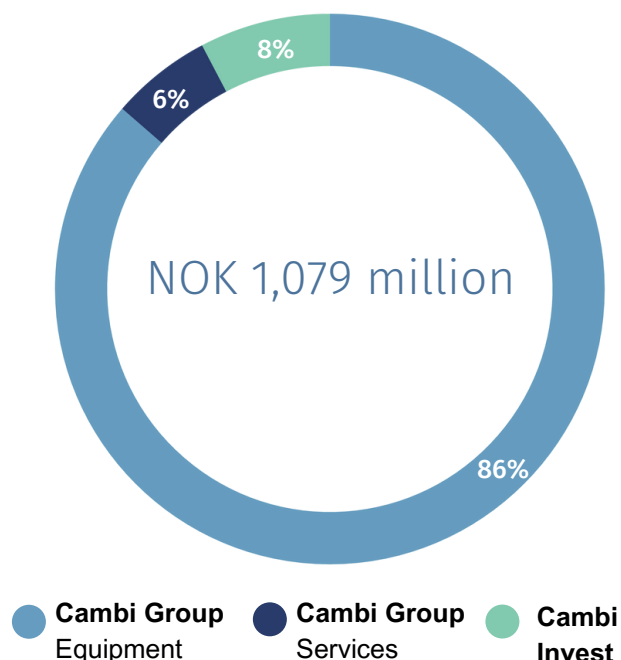


Order backlog

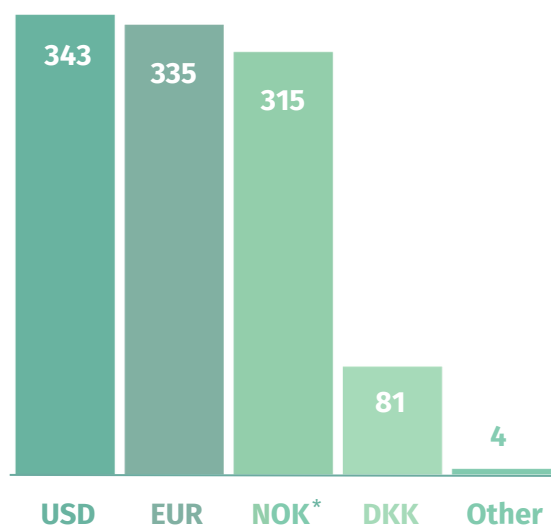
Backlog distribution
in NOK million



Backlog by segment



Backlog by currency
in NOK million, equivalent at Q1 2023 FX



The total order backlog at the end of the first quarter was NOK 1,079 million. In addition to new contracts signed in the period, existing contracts were impacted positively by index regulation and the weakening of the NOK. The increase was partially offset by the contract for the Bonnybrook wastewater treatment plant in Canada not being renewed upon expiration.

Cambi Group's backlog is mainly in USD and EUR, in addition to other currencies. Cambi Invest's backlog is all in NOK, representing Grønn Vekst's contract portfolio. Soil products are sold on a spot basis and not included in the backlog.

* 34% of the NOK backlog is linked to EUR, and adjusted based on FX rates at time of invoicing

Cambi Group

Operational review



Equipment

Good progress was made in the design phase of projects awarded in late 2022 and the recently awarded contract in Fredrikstad. The first Cambi THP unit in Hong Kong was installed during the period at Shek Wu Hui.

Manufacturing was completed for the Psyttalia wastewater treatment plant's second thermal hydrolysis system in Athens, Greece. The same was accomplished for the Safi plant, the first Cambi project in Morocco. These plants will be shipped to site in the next quarter. In addition, the systems for Kubratovo (Bulgaria), Secunda (South Africa) and Damhusåen (Denmark) made good headway at the Congleton factory. On-site work also began for the Damhusåen and Lillestrøm (Norway) sites.

Recently commissioned plants, including Cambi's first project in Dallas, Texas, either started beneficial use or were fine-tuned during the quarter.

Services

During the quarter, design work began for the upgrade intended for Dublin's Ringsend wastewater treatment plant. The project covers the third and newest train of reactors at the plant and is set to finish next year.

In the same period, Cambi secured a contract to upgrade the THP system in Hengelo, Netherlands, with a third reactor. The project is set to finish in early 2024.

112

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

83

facilities have chosen Cambi's thermal hydrolysis technology

0

reportable health and safety incidents

Cambi Group

Financial review

Revenue

In the first quarter, revenue from Cambi Group increased significantly by 273% to NOK 194 million compared to the same period last year. The increase is driven by Equipment projects, with project momentum in the execution of a strong opening backlog, and the ease of supply chain challenges faced in the same period last year.

Equipment revenue was NOK 176 million, up 395% against the prior year and by 54% from the last quarter. Services revenue was NOK 18 million, up 10% against the prior year but down 20% from last quarter.

Order intake

Order intake in the first quarter was NOK 326 million, up from NOK 7 million in the corresponding period last year.

EBITDA

EBITDA in the prior-year quarter was NOK -19 million due to a challenging geopolitical situation and soared to NOK 61 million in the current year. The EBITDA margin in the current quarter ended at a strong 32%. The increase in EBITDA against last year is mainly due to higher revenue, margin expansion from a favourable product mix and positive effects from foreign exchange.

Order backlog

The quarter's order backlog was NOK 996 million, more than three-fold the value in Q1 2022, which was NOK 295 million.

194

Revenue



61

EBITDA



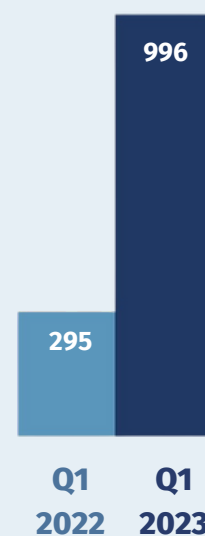
326

Order Intake



996

Order Backlog



* Operating profit (EBIT) + depreciation and impairments

Cambi Invest

Operational review



Recycling

First-quarter soil sales ended at 18,500 tonnes, down from 19,200 tonnes in 2022 due to prolonged winter weather. Production and deliveries were executed as planned during the period.

The establishment of Grønn Vekst's new peat-free soil packaging plant entered its final stages during the quarter.

DBO Projects

In February, Cambi announced a conditional contract award for a DBO project in the US, with the parties entering exclusive negotiations. The conditions for the contract award are the successful completion of negotiations with the host municipality and receiving the necessary planning permissions.

The engineering and permitting process has started, with construction estimated to begin at the end of 2024, subject to receiving the required permits. The start of operations is anticipated in 2027.

18,500

tonnes of peat-free soil sold in the quarter

26

soil production and composting facilities in Norway

1

new factory for peat-free soil production

0

reportable health and safety accidents

Financial review

Revenue

Cambi Invest's first-quarter revenue was NOK 16 million, slightly lower than last year at NOK 17 million.

EBITDA

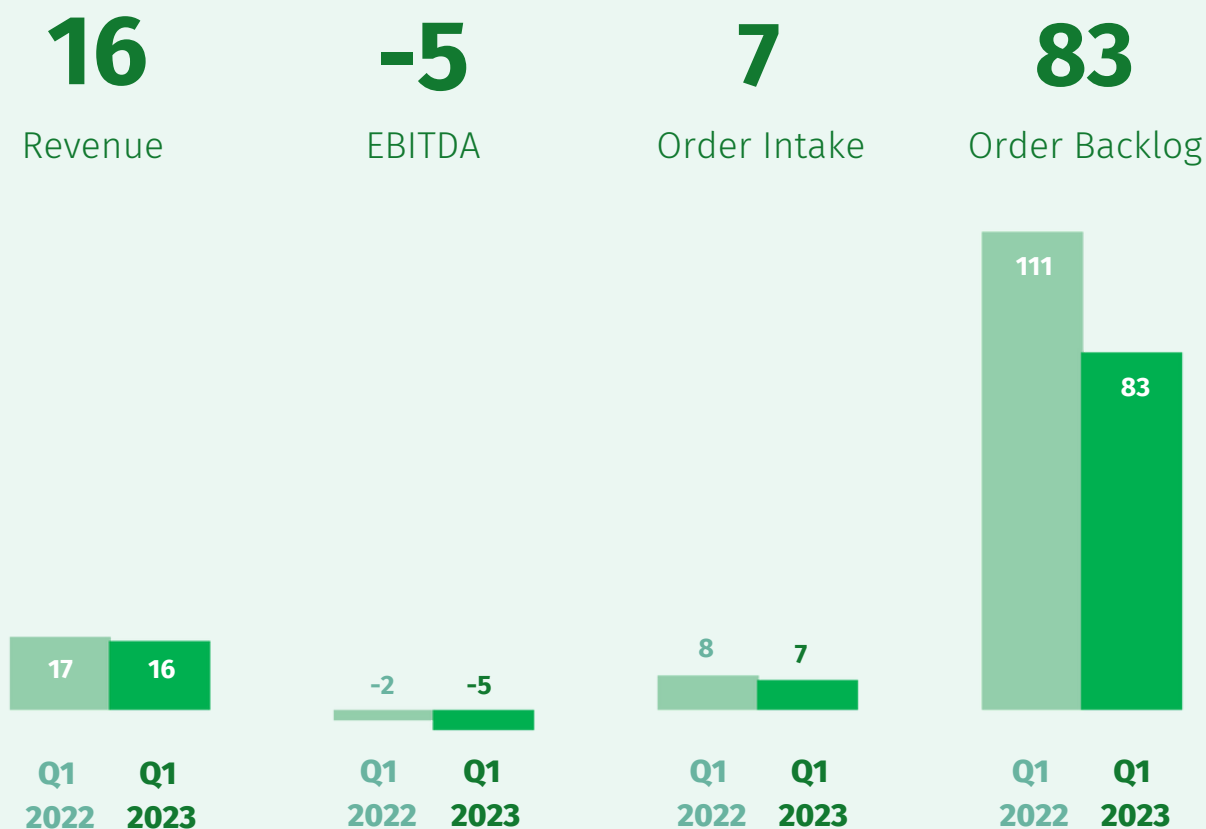
First-quarter EBITDA ended at NOK -5 million, compared to NOK -2 million in the same quarter last year. The lower EBITDA is mainly due to lower revenue and increased activity for developing DBO projects.

Order intake

The order intake of NOK 7 million, which is down from NOK 8 million, is attributed entirely to Grønn Vekst. There were no major tender awards in the Recycling subsegment during the first quarter.

Order backlog

As of the end of the first quarter, the order backlog stood at NOK 83 million, down from NOK 111 million in the same period last year.



Market

Outlook

Full-year revenue and EBITDA growth expected, fueled by solid momentum in project execution

The strong momentum witnessed in the final quarter of 2022 continues, resulting in a robust financial performance for the first quarter. The business' scalability is evidenced by healthy profit margins and revenue growth, attributed to a solid opening backlog.

In the last two quarters, Cambi has had very strong momentum in the execution of our order backlog,

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

Asker, 8 May 2023

during which several project delivery milestones were reached. For full-year 2023, Cambi is expected to deliver significant growth in both revenue and EBITDA, though progress in project execution is anticipated to be more moderate in the second quarter.

In the fourth quarter 2022 report, Cambi estimated that it would sign Equipment contracts with a total value of NOK 1.2 billion in the two years 2023-2024. This estimate remains unchanged.

Cambi remains focused on organic growth, while also evaluating opportunities to acquire complementary businesses or technologies.



Q1 2023

Interim financial statements with notes

Consolidated statement of profit and loss

Unaudited, in NOK million

	Q1 2023	Q1 2022
Operating income	209.7	69.1
Cost of goods sold	81.5	39.2
Payroll expenses	38.9	30.9
Depreciation & amortisation expenses	5.9	1.9
Other operating expenses	32.7	20.1
Operating expenses	159.0	92.1
Operating profit	50.8	-23.0
Net financial items	-2.4	2.3
Profit (loss) before tax	48.3	-20.7
Tax expense	0.0	0.7
Net profit (loss)	48.3	-21.4
Attributable to		
Equity holders of the parent company	48.7	-21.2
Non-controlling interests	-0.4	-0.2
EBITDA	56.7	-21.1

Consolidated statement of financial position

Unaudited, in NOK million

<i>Assets</i>	Q1 2023	Q1 2022	Year 2022
Intangible assets	76.8	43.4	81.9
Tangible assets	20.3	20.2	19.7
Financial assets	1.1	2.3	1.0
Total non-current assets	98.1	65.9	102.7
Inventories	60.2	48.9	43.3
Debtors	176.1	161.5	162.8
Financial assets	101.7	150.8	101.7
Bank deposits	198.8	70.1	166.9
Total current assets	536.7	431.3	474.7
Total assets	634.8	497.1	577.3

Unaudited, in NOK million

<i>Equity</i>	Q1 2023	Q1 2022	Year 2022
Total equity	464.3	418.3	401.9

Unaudited, in NOK million

<i>Liabilities</i>	Q1 2023	Q1 2022	Year 2022
Non-current liabilities	0.8	2.1	1.1
Current liabilities	169.7	76.8	174.2
Total liabilities	170.5	78.9	175.4
Total equity and liabilities	634.8	497.2	577.3

Consolidated statement of cash flows

Unaudited, in NOK million

	Q1 2023	Q1 2022
Cash flows from operating activities		
Profit/loss before tax	48.3	-20.7
Tax paid for the period	0.0	-1.6
Ordinary depreciation	5.9	1.9
Change in inventory	-16.9	-3.8
Change in accounts receivable	-17.3	-40.0
Change in accounts payable	3.6	-6.2
Effect of exchange rate fluctuations	6.2	-2.3
Change in other accrual items	3.6	24.0
Net cash flows from operating activities	33.5	-48.7
Cash flows from investment activities		
Payments for the purchase of fixed assets	-1.3	-1.1
Payments for purchase of intangible assets	-0.1	
Payments for share buy back	-0.7	
Proceeds from the sales of shares	0.8	
Proceeds from the sales of money market fund shares		50.4
Payments for the purchase of money market fund shares		
Net cash flows from investment activities	-1.3	49.3
Cash flows from financing activities		
Proceeds from the issuance of new short-term liabilities		-0.3
Instalment payments of long-term liabilities	-0.3	
Instalment payments of short-term liabilities		
Net change in bank overdraft		
Net proceeds from private placement		
Change investment equity method	0.0	-0.3
Net cash flows from financing activities	-0.3	-0.6
Net change in cash and cash equivalents	31.9	0.0
Cash and cash equivalents at the start of the period	166.9	70.1
Cash and cash equivalents at the end of the period	198.8	70.1

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				48.7	-0.4	48.3
Share buy back		0.0		-0.7		-0.7
Management share program		0.0		8.5		8.6
Currency effects				6.1	0.0	6.2
Equity as of 31 March 2023	3.2	0.0	295.0	164.5	1.6	464.3

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 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 five continents, with 83 facilities in 25 countries and an installed capacity sufficient to process the waste of a population equivalent of around 112 million at the end of 2022.

Besides anaerobic digestion solutions using THP, Cambi owns the recycling company Grønn Vekst, the market leader in Norway for producing sustainable soil products.

Note 2 - Operating segments

Unaudited, in NOK million

	Cambi Group		Cambi Invest	
	Q1 2023	Q1 2022	Q1 2023	Q1 2022
Operating income	193.7	51.9	16.0	17.2
Cost of goods sold	70.7	27.8	10.7	11.4
Payroll expenses	32.6	25.9	6.3	4.9
Depreciation & amortisation expenses	5.3	1.3	0.7	0.6
Other operating expenses	29.0	16.8	3.7	3.3
Gross margin	137.5	71.9	21.4	20.2
Operating profit	56.2	-20.0	-5.4	-3.0
Net financial items	-2.0	2.4	-0.4	-0.1
Profit (loss) before tax	54.1	-17.7	-5.8	-3.0
EBITDA	61.4	-18.7	-4.7	-2.4

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 in companies (e.g., portfolio company Grønn Vekst) and DBO (Design, Build and Operate) projects.

Grønn Vekst recycles organic resources from municipalities and industry, i.e. sewage sludge, 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 soil producer and leading sewage sludge recycling company.

DBO projects are investment opportunities where Cambi and partners own and operate wastewater solids treatment facilities that use Cambi's thermal hydrolysis process at sites with biogas production. All projects in this subsegment are currently in various development stages. Cambi is committed to growing this business area and closing the first DBO contract soon.

Note 3 - Construction contracts

Unaudited, in NOK million

	Q1 2023	Q1 2022
Earned, not invoiced project revenue (in BS)	90.0	60.9
Accrued project cost, provision and guarantees (in BS)	83.7	33.6
Accumulated recorded revenue for ongoing projects	562.4	383.4
Accumulated cost related to recorded revenue	239.9	170.3
Net accumulated contribution on ongoing projects	322.5	213.1

Revenues from construction contracts are 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.

Cambi had 14 ongoing construction projects at the end of the first quarter, same number as at the end of the previous quarter. The accumulated contribution from ongoing projects was NOK 323 million, recognised through profit and loss from the commencement of the projects.

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CAMBI ASA | FIRST-QUARTER RESULTS 2023

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