

A close-up photograph of two hands. The top hand is tilted, pouring water from its palm onto the bottom hand. The bottom hand is cupped and holds a small, vibrant green seedling with two leaves, growing out of a mound of dark, rich soil. The background is a soft, out-of-focus grey and green, suggesting an outdoor setting. The overall mood is one of care and nurturing.

**CAMBI**

**CAMBI ASA**

Third quarter 2020

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# Highlights

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Cambi (“the group” or “the company”) is a global technology and solutions supplier for sustainable biosolids management. The company enables a swift global transition to sustainable communities, by transforming wastewater solids and organic wastes into valuable bioresources through anaerobic digestion solutions for industries and municipal utilities.

With 70 facilities spanning five continents, Cambi is the world leader in its niche, delivering technology that is efficient, low-maintenance, and easy to operate. The company supports clients from 22 countries in achieving ambitious sustainability goals.

## Year-to-date third quarter highlights

In January, we introduced *Cambi PLUS*, a platform for process monitoring, analysis, and operational support. Through this development, Cambi has taken the lead in the digitalisation of sludge treatment for wastewater treatment plants. PLUS, short for “Process Live Update and Support”, provides a real-time overview of plant performance based on measured, calculated, and estimated data.

Our aftersales show strong growth, driven by the increasing number of plants in operation and upgrades to the facilities in Hamar, Norway, and Santiago de Chile.

Five new contracts have been signed, including the company’s first project in Hong Kong, for a total of 8 process trains with a total contract value of NOK 311 million.

There was strong backlog development, ending at NOK 435 million, up from NOK 231 million as of the fourth quarter of 2019.

The YTD Q3 2020 EBITDA was NOK 15.3 million, up from NOK (10.1) million in 2019:

- ▶ Cambi Group EBITDA of NOK 3.9 million, up from NOK (20.7) million in 2019, following strong order intake, high aftermarket activity, and lowered cost level.
- ▶ Cambi Invest EBITDA of NOK 11.4 million, up from NOK 10.6 million in 2019. Grønn Vekst is entering the low season in Q4, but with key contracts signed securing long-term growth.

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# Operational Review

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## Cambi Group

### **During the quarter, Cambi commissioned three new facilities:**

- ▶ Qing He 2 for the Beijing Drainage Group in Beijing, China. This facility is the last to be commissioned out of five sludge centres equipped with thermal hydrolysis in Beijing. With all five projects in operation, Cambi is now serving the entire city of Beijing. The high-quality biosolids product is used on forestland in the city outskirts.
- ▶ Strongford in Stoke-on-Trent, UK. The THP installed at this sludge treatment centre allows Severn Trent to considerably increase sludge imports from nearby sites and hence optimise its bioresources handling. Strongford is Cambi's second system delivered to Severn Trent and will be followed in 2021 by two new installations near Coventry and Nottingham.
- ▶ Cog Moors near Cardiff, UK. This is the second Cambi project serving Cardiff in Wales, and the fourth THP installation for Dwr Cymru (Welsh Water). Cog Moors started operations of the first THP train in September. Commissioning of the second train is scheduled for 4Q20.

### **Other important milestones achieved during the quarter are:**

- ▶ Following commissioning during 1H20, the facility at Atlantic WWTP near Virginia Beach, VA ramped up throughput early in the quarter. The Hampton Roads Sanitation District can finally reap the benefits of Class A biosolids that are, in their words, "hygienically safe, non-odorous, easy to land apply, and that can be used by non-agrarian customers". In the future, solids from other sites will also be redirected from incinerators to beneficial use after thermal hydrolysis.
- ▶ The successful completion of a 60-day testing period after a comprehensive upgrade was carried out at the THP facility in Hamar, Norway. This is Cambi's first-ever THP plant, in operation now for about 25 years. The upgrade extends the plant's lifetime after many years of reliable operations since the last upgrade, at the same time increasing its energy efficiency.

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# Operational Review

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- ▶ The start of the mechanical installation of Cambi's third plant delivered to Severn Trent, at the Finham site near Coventry, UK.

## Cambi Invest

**During the quarter, Grønn Vekst made substantial progress by:**

- ▶ Signing several new partnerships with quarries, increasing soil production capacity, and adding new sales points. This will materialise in further growth from 2021 onwards.
- ▶ Securing substantial garden waste volumes through public tenders. The full effect of the contracts will become visible from 2022 onwards, as after contracts begin, the raw materials will require maturing before being blended into premium soil mixes.

With respect to the pursuit of Design-Build-Operate (DBO) projects, 3Q20 saw the establishment of the US Joint Venture 'EQ Renewables, LLC', partnering with an American construction company for DBO development in North America.

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# Financial Review and Outlook

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## Financial review

- ▶ Net sales of NOK 271.8 million year to date were up compared to the same period last year, mainly driven by growth in the Cambi Group segment. Revenue distribution was 70% for Cambi Group and 30% for Cambi Invest, compared to last year's distribution of 66% and 34%, respectively. EBITDA was NOK 15.3 million, compared to NOK (10.1) million in the same period last year.
- ▶ For the Cambi Group segment, higher volumes and lowered cost base resulted in an EBITDA of NOK 3.9 million, compared to NOK (20.7) million in the same period last year. The Cambi Invest segment developed as planned, with normal operations.
- ▶ Total assets at period-end were NOK 275 million, reflecting the reduction in bank deposits after repayment of a working capital facility and acquiring the remaining 20% shares in Grønn Vekst. Total equity was NOK 129.7 million, with an equity ratio of 47.2%

## Risks and uncertainties

The company is exposed to credit, liquidity, and interest risk, in addition to operational risks and general market risk. The ongoing Covid-19 pandemic inherently increases many of these risk factors; markets become more uncertain, operations become more vulnerable to interruptions, and policy makers around the world may gravitate towards stricter regulations impacting international trade. The company has adopted a risk management policy to identify, measure, and mitigate risks.

## Outlook

The company aims to list on Euronext Growth during the first quarter of 2021.

Asker, 25 January 2021  
The Board of Cambi ASA

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**Gro Merete Brækken**  
Chair of the board

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**Anselmo Teixeira**  
Board member

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**Glen Thomas Daigger**  
Board member

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**Birgitte Judith Lillebø Sandvold**  
Board member

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**Arve Ree**  
Board member

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**Dragos Talvescu**  
Board member  
(employee elected)

# Interim Financial Statements

## Condensed consolidated statement of profit and loss

| <i>Amounts in<br/>thousands of NOK</i> | <b>Q3 2020</b> | <b>Q3 2019</b> | <b>YTD Q3<br/>2020</b> | <b>YTD Q3<br/>2019</b> | <b>Year<br/>2019</b> |
|--|----------------|----------------|------------------------|------------------------|----------------------|
| <b>Operating income</b>                | <b>101,136</b> | <b>78,518</b>  | <b>271,758</b>         | <b>213,282</b>         | <b>280,640</b>       |
| Raw materials and consumables used     | 54,041         | 35,039         | 133,879                | 101,568                | 119,190              |
| Payroll expenses                       | 29,058         | 26,034         | 81,721                 | 77,435                 | 104,171              |
| Depreciation & amortisation expenses   | 2,366          | 2,028          | 6,071                  | 5,117                  | 7,149                |
| Other operating expenses               | 13,398         | 10,537         | 40,871                 | 44,329                 | 55,825               |
| <b>Operating expenses</b>              | <b>98,863</b>  | <b>73,638</b>  | <b>262,542</b>         | <b>228,460</b>         | <b>286,335</b>       |
| <b>Operating profit</b>                | <b>2,273</b>   | <b>4,880</b>   | <b>9,216</b>           | <b>(15,178)</b>        | <b>(5,695)</b>       |
| Net financial items                    | (5,634)        | (659)          | (8,788)                | (3,256)                | (13,096)             |
| <b>Profit (loss) before tax</b>        | <b>(3,361)</b> | <b>4,221</b>   | <b>428</b>             | <b>(18,434)</b>        | <b>(18,791)</b>      |
| Tax expense                            | 452            | (192)          | 603                    | 206                    | (1,765)              |
| <b>Net profit (loss)</b>               | <b>(3,813)</b> | <b>4,413</b>   | <b>(175)</b>           | <b>(18,640)</b>        | <b>(17,026)</b>      |
| <b>EBITDA</b>                          | <b>4,639</b>   | <b>6,908</b>   | <b>15,286</b>          | <b>(10,061)</b>        | <b>1,454</b>         |

# Interim Financial Statements

## Consolidated statement of financial position

### ASSETS

Amounts in  
thousands of NOK

|                                    | September<br>2020 | December<br>2019 | September<br>2019 |
|------------------------------------|-------------------|------------------|-------------------|
| <b>Intangible fixed assets</b>     |                   |                  |                   |
| Deferred tax assets                | 22,183            | 22,183           | 7,873             |
| Goodwill                           | 10,729            | 7,502            | 7,895             |
| Other intangible assets            | 11,885            | 13,727           | 14,834            |
| <b>Total intangible assets</b>     | <b>44,797</b>     | <b>43,412</b>    | <b>30,602</b>     |
| <b>Tangible fixed assets</b>       |                   |                  |                   |
| Buildings and land                 | 9,738             | 10,040           | 9,738             |
| Equipment and movables             | 6,291             | 7,452            | 8,079             |
| <b>Total tangible fixed assets</b> | <b>16,029</b>     | <b>17,491</b>    | <b>17,817</b>     |
| <b>Financial fixed assets</b>      |                   |                  |                   |
| Investments in shares              | 1,500             | 7,305            | 4,875             |
| <b>Total financial assets</b>      | <b>1,500</b>      | <b>7,305</b>     | <b>4,875</b>      |
| <b>Total fixed assets</b>          | <b>62,326</b>     | <b>68,208</b>    | <b>53,294</b>     |
| <b>Current assets</b>              |                   |                  |                   |
| Inventories                        | 13,017            | 20,940           | 13,894            |
| <b>Debtors</b>                     |                   |                  |                   |
| Accounts receivables               | 67,088            | 32,585           | 115,150           |
| Other receivables                  | 95,119            | 88,904           | 202,746           |
| <b>Total debtors</b>               | <b>162,207</b>    | <b>121,489</b>   | <b>317,896</b>    |
| Bank deposits                      | 37,456            | 125,181          | 49,519            |
| <b>Total current assets</b>        | <b>212,680</b>    | <b>267,610</b>   | <b>381,309</b>    |
| <b>TOTAL ASSETS</b>                | <b>275,006</b>    | <b>335,818</b>   | <b>434,603</b>    |



# Interim Financial Statements

## Liabilities and owners' equity

### EQUITY & LIABILITIES

Amounts in  
thousands of NOK

|  | September<br>2020 | December<br>2019 | September<br>2019 |
|--|-------------------|------------------|-------------------|
| <b>EQUITY</b>                            |                   |                  |                   |
| <b>Paid in capital</b>                   |                   |                  |                   |
| Share capital                            | 2,781             | 2,781            | 2,781             |
| Own shares                               | (2)               | (2)              | (2)               |
| Share premium reserve                    | 17,935            | 17,935           | 17,935            |
| <b>Total paid-in capital</b>             | <b>20,714</b>     | <b>20,714</b>    | <b>20,714</b>     |
| <b>Retained earnings</b>                 |                   |                  |                   |
| <b>Total retained earnings</b>           | <b>109,011</b>    | <b>113,366</b>   | <b>133,115</b>    |
| <b>TOTAL EQUITY</b>                      | <b>129,725</b>    | <b>134,080</b>   | <b>153,829</b>    |
| <b>LIABILITIES</b>                       |                   |                  |                   |
| <b>Other long-term liabilities</b>       |                   |                  |                   |
| Liabilities to financial institutions    | 17,103            | 20,293           | 23,118            |
| <b>Total other long-term liabilities</b> | <b>17,103</b>     | <b>20,293</b>    | <b>23,118</b>     |
| <b>Short-term liabilities</b>            |                   |                  |                   |
| Liabilities to financial institutions    | -                 | 81,000           | 81,000            |
| Accounts payable                         | 27,059            | 17,819           | 11,194            |
| Tax payable                              | -                 | 3,863            | -                 |
| Public duties payable                    | 11,842            | 5,772            | -                 |
| Dividends                                | -                 | 1,640            | -                 |
| Other short-term liabilities             | 89,277            | 71,351           | 165,462           |
| <b>Total short-term liabilities</b>      | <b>128,178</b>    | <b>181,444</b>   | <b>257,656</b>    |
| <b>TOTAL LIABILITIES</b>                 | <b>145,281</b>    | <b>201,737</b>   | <b>280,774</b>    |
| <b>TOTAL EQUITY AND LIABILITIES</b>      | <b>275,006</b>    | <b>335,818</b>   | <b>434,603</b>    |

# Interim Financial Statements

## Condensed consolidated statement of cash flow

Amounts in  
thousands of NOK

|   | 2020            | 2019           |
|---|-----------------|----------------|
| <b>Cash flows from operating activities</b>               |                 |                |
| Profit/ loss before tax                                   | 427             | (18,791)       |
| Tax paid for the period                                   | (2,577)         | (2,973)        |
| Ordinary depreciation                                     | 6,071           | 7,149          |
| Change in inventory                                       | 7,923           | (7,442)        |
| Change in accounts receivable                             | (34,503)        | 25,667         |
| Change in accounts payable                                | 9,242           | (2,476)        |
| Effect of exchange rate fluctuations                      | 2,899           | 4,336          |
| Change in other accrual items                             | (10,995)        | 16,562         |
| <b>Net cash flows from operating activities</b>           | <b>(21,513)</b> | <b>22,032</b>  |
| <b>Cash flows from investment activities</b>              |                 |                |
| Payments for the purchase of fixed assets                 | (1,210)         | (2,889)        |
| Proceeds from the sale of shares in other companies       | 5,504           | -              |
| Payments for the purchase of shares in other companies    | (506)           | -              |
| <b>Net cash flows from investment activities</b>          | <b>3,788</b>    | <b>-2,889</b>  |
| <b>Cash flows from financing activities</b>               |                 |                |
| Proceeds from the issuance of new long-term liabilities   | -               | 60,240         |
| Instalment payments of long-term liabilities              | (81,000)        | (5,587)        |
| Instalment payments of short-term liabilities             | (3,139)         | -              |
| Net change in bank overdraft                              | 25,192          | (25)           |
| Proceeds from equity                                      | -               | 8,370          |
| Payment of dividends                                      | -               | (1,600)        |
| Change investment equity method                           | 807             | 170            |
| Purchase of remaining 20% stake in Grønn Vekst            | (11,860)        | -              |
| <b>Net cash flows from financing activities</b>           | <b>(70,000)</b> | <b>61,568</b>  |
| Net change in cash and cash equivalents                   | (87,725)        | 80,711         |
| Cash and cash equivalents at the start of the period      | 125,181         | 44,470         |
| <b>Cash and cash equivalents at the end of the period</b> | <b>37,456</b>   | <b>125,181</b> |

# Interim Financial Statements

## Condensed consolidated statement of changes in equity

| <i>Amounts in thousands of NOK</i> | <b>Share capital</b> | <b>Own shares</b> | <b>Share premium</b> | <b>Other equity</b> | <b>Minority interests</b> | <b>Total</b>   |
|------------------------------------|----------------------|-------------------|----------------------|---------------------|---------------------------|----------------|
| Equity as of 31.12.2019            | 2,781                | (2)               | 17,935               | 105,968             | 7,398                     | 134,080        |
| Annual profit or loss              | -                    | -                 | -                    | (1,824)             | 1,648                     | (176)          |
| Purchase of Grønn Vekst shares     | -                    | -                 | -                    | (2,836)             | (4,242)                   | (7,078)        |
| Currency exchange differences      | -                    | -                 | -                    | 2,898               | -                         | 2,898          |
| <b>Equity as of 30.09.2020</b>     | <b>2,781</b>         | <b>(2)</b>        | <b>17,935</b>        | <b>104,207</b>      | <b>4,804</b>              | <b>129,725</b> |

## Notes

### *Note 1 – Reporting entity*

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

### *Basis of accounting*

Cambi's interim financial statements are prepared in accordance with the Norwegian Accounting Act and generally accepted accounting principles in Norway ("NGAAP"). The condensed interim statements should be read in conjunction with the consolidated financial statements that are part of Cambi's Annual Report for 2019. They do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's 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 each reporting period. The main judgements, estimates, and assumptions are described in the annual consolidated financial statements for 2019. Actual results may differ from these estimates. The significant judgements made by management in the preparation of this interim financial report were made applying the same accounting policies and principles as those described within the 2019 annual report.

# Interim Financial Statements

## Note 2 – Operating segments

The Group's operating segments are segregated and separately managed, as they serve different markets. The identified segments are Cambi Group and Cambi Invest.

**The Cambi Group segment** comprises the sale of Thermal Hydrolysis Plants (THP) and ancillary equipment, as well as 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 projects (Design, Build and Operate - DBO business). The Grønn Vekst core business is the recycling of organic resources from municipalities and industry, i.e., sewage sludge, garden waste. 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 continue investing to close new DBO contracts.

| <i>Amounts in thousands of NOK</i>   | <b>Cambi Group</b> |                    |                  | <b>Cambi Invest</b> |                    |                  |
|--------------------------------------|--------------------|--------------------|------------------|---------------------|--------------------|------------------|
|                                      | <b>YTD Q3 2020</b> | <b>YTD Q3 2019</b> | <b>Year 2019</b> | <b>YTD Q3 2020</b>  | <b>YTD Q3 2019</b> | <b>Year 2019</b> |
| <b>Operating income</b>              | <b>192,036</b>     | <b>140,807</b>     | <b>185,585</b>   | <b>79,722</b>       | <b>72,475</b>      | <b>95,055</b>    |
| Raw materials and consumables used   | 84,922             | 56,806             | 61,435           | 48,957              | 44,762             | 57,755           |
| Payroll expenses                     | 69,691             | 66,651             | 88,808           | 12,031              | 10,794             | 15,364           |
| Depreciation & amortisation expenses | 5,103              | 4,094              | 5,769            | 968                 | 1,023              | 1,380            |
| Other operating expenses             | 33,565             | 38,060             | 45,426           | 7,306               | 6,270              | 10,399           |
| <b>Operating expenses</b>            | <b>193,280</b>     | <b>165,611</b>     | <b>201,437</b>   | <b>69,263</b>       | <b>62,849</b>      | <b>84,898</b>    |
| <b>Operating profit</b>              | <b>(1,243)</b>     | <b>(24,804)</b>    | <b>(15,852)</b>  | <b>10,459</b>       | <b>9,626</b>       | <b>10,157</b>    |
| Net financial items                  | (8,187)            | (3,105)            | (12,746)         | (601)               | (151)              | (350)            |
| <b>Profit (loss) before tax</b>      | <b>(9,430)</b>     | <b>(27,909)</b>    | <b>(28,598)</b>  | <b>9,858</b>        | <b>9,475</b>       | <b>9,807</b>     |
| Tax expense                          | 603                | 206                | (4,153)          | -                   | -                  | 2,388            |
| <b>Net profit (loss)</b>             | <b>(10,033)</b>    | <b>(28,115)</b>    | <b>(24,445)</b>  | <b>9,858</b>        | <b>9,475</b>       | <b>7,419</b>     |
| <b>EBITDA</b>                        | <b>3,858</b>       | <b>(20,710)</b>    | <b>(10,084)</b>  | <b>11,428</b>       | <b>10,649</b>      | <b>11,538</b>    |

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# Interim Financial Statements

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## *Note 3 – Measurement uncertainty*

As a result of the Covid-19 outbreak during the first quarter of 2020, there have been delays for Chinese projects in execution and contract awards. The Chinese projects started up again in the second quarter.

Cambi has, since the early phase of the crisis, implemented preventive measures at all locations and sites and has been able to serve the company's customers' critical infrastructure during the period.

Cambi has not identified any impact of Covid-19 in the condensed consolidated financial statement as of 30 September 2020, which would require changes in the management's judgement, estimates, or assumptions.

## *Note 4 – Subsequent events*

There are no special subsequent events after the balance sheet date.

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