TRADING UPDATE Q3 2020

Topics and comments in the Q&A session

Below please find a list of topics covered in the online Q&A session after the company's presentation of the 2020 Q3 trading update.

For replay of the presentation and Q&A, please follow this link.

This document is part of the Q3 trading presentation and as such subject to the same disclaimer and cautionary notes. Please see page 2 of this presentation for further detail.

- Is the y/y revenue growth of 10.6% impacted by the acquisition of ETIA in any way? And if so, what is the organic growth y/y? The same goes for the changes in EBITDA.

  Most of what we report within landbased is coming from ETIA. YTD accumulated revenues was about NOK 70 million. EBITDA was negative for landbased. We are investing and building our organisation to respond to increasing demand from customers. We are building the commercial teams and engineering capacity, and even putting more capacity on to the R&D projects.

  In the longer term, EBITDA levels in Landbased should be on par with cruise, this is what we are currently targeting. We have been able to prove scalability and standardisation of our cruise technology, and we expect to do the same in Landbased.

- What type of long-term EBITDA margins could be expected from landbased?

  A normalised level for EBITDA going forward would be on par with cruise, this is what we are currently targeting. We have been able to prove scalability and standardisation of our cruise technology, and we expect to do the same with landbased.

- What patents back your solutions, especially within the landbased segment, where you can expect a higher competition?

  We have many patent families around waste and biomass valorisation technology. Scanship technologies are patented and so is the Biogreen technology from ETIA. In ETIA alone we have more than 60 patents in 12 patent families. Also, there are patents in place for the food-tech technology. We carry a good portfolio of patents which will protect our IP and business going forward.

  Still, we are keen to deploy our technology and we must work long-term with clients and solving the challenges they have, in order to be successful. Patents can protect your business parts of the way, but the most important thing is to work closely with clients over time.

- When do you expect to materialize revenues from the landbased projects that reached the "installation milestone" during Q3 20? And is there a timeline for landbased systems to contribute positively to total EBITDA?

  All these projects are profitable, except for what we do at Lindum, which involves a lot of R&D on our hand.

  We have spent time fine tuning our strategy for landbased since we bought ETIA one year ago. We are applying our experience and practises from the cruise industry to further position our landbased segment for growth.

  The landbased segment have shifted to larger clients and we are standardising our solutions and our ambition is to turn these into recurring customers, as is the case for our customers in cruise. We already see an improvement in performance and numbers and expect the landbased business to generate more revenue than cruise in the future in the longer term. As mentioned above, we also expect a normalised EBITDA level going forward should be on par with cruise.

- Are you expecting the landbased business to be greater than the cruise business in terms of total earnings?

  Yes. We are tapping into a large market with landbased. Just look at all the drivers and incentives, for example the green new deal in the EU. Such incentives create a lot of business for our customers and us in different industries going forward, but we will also always stay in the cruise industry.

- Have you seen any signs of aftersales activity from already completed landbased projects?

  Yes. This is an integral part of our business model, and one we have cultivated in cruise. We work closely with customers who operate our systems to ensure a strong aftersales market. When we sign landbased contracts now, we also address the need for long-term preventative maintenance, for instance, and operational agreements. For some of these systems, we are also discussing talking over responsibility for operations. We want to have large client base which come back for more.

- How does the plastic to electricity work? And why haven't we heard of this technology before?

  ETIA has been working with the plastics for years, and we have a large demonstration plant in France. When we convert plastic with high temperature pyrolysis, we can either produce liquid fuel, such as the solution we deliver to Unipetrol for example. But for the plastic to electricity it is about purifying the syngas, and the easiest way to gain value out of that is to produce electricity. By doing that give plastic waste a value, creating a commercial incentive to collect plastic from streets, beaches and landfills.

This is what we will do in Indonesia. I see this as a low hanging fruit. We are also working with an exciting project in Europe where we use high temperature pyrolysis to produce hydrogen. We are basically decarbonizing the energy source from plastic. Currently, we are especially looking at hydrogen, which we see a demand for.

We have talked about plastic to electricity and the vertical "Recycling of plastics and polymers" several times before. These projects have been mentioned in presentations of 1H 2020, Q1 2020 and 2H of 2019 for example.

- Are landbased systems requiring energy from external sources?

  The systems are net energy producers. The amount of energy produced depends on the calorific qualities of the feedstock. Plastic for example, has a high energy content. Sewage sludge contains less energy, but this too is generating net positive energy. We have electrified all processes, and our solutions can be operated on clean energy. This makes the solutions very attractive in an environmental perspective.