

nel

Q4 2021

Jon André Løkke, CEO
16 February 2022

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Agenda

1. Nel in brief
2. Q4 highlights & other developments
3. Commercial developments
4. Execution strategy in 1 - 2 – 3
5. Summary/Outlook
6. Q&A



Leading pure play hydrogen technology company with a global footprint



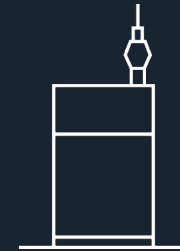
Pure play hydrogen technology company listed on Oslo Stock Exchange (NEL.OSE)



Manufacturing facilities in Norway, Denmark, and U.S., and a global sales network

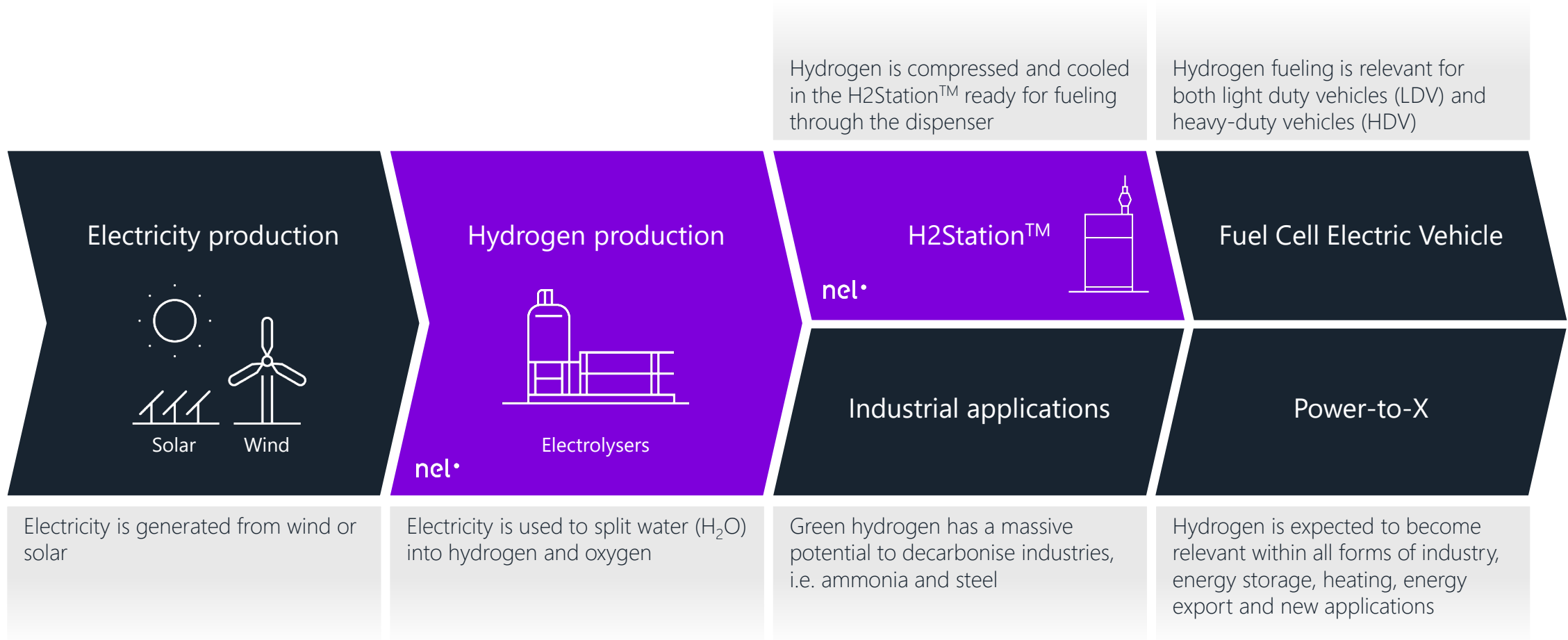


World's largest electrolyser manufacturer, with >3,500 units delivered in 80+ countries since 1927



Leading manufacturer of hydrogen fueling stations, with ~120 H2Station™ solutions delivered/in progress to 14 countries

Green hydrogen approaching fossil parity – game-changer across applications and markets



Strong field know-how and manufacturing capacity

PEM electrolyzers

Wallingford, USA



Systems delivered: **2,700+**
Production capacity: **>50 MW/year**
History: **23 years**

Alkaline electrolyzers

Notodden/Herøya, Norway



Systems delivered: **800+**
Production capacity: **500 MW/year (~2 GW/year)**
History: **90 years**

Hydrogen refueling stations

Herning, Denmark



Stations delivered: **~120**
Production capacity: **300 HRS/year**
History: **16 years**

2. Q4 highlights & other developments

Massively scaling up throughout 2021

Reiterating 2021 guidance: Investing to maintain leadership in a growing market



Accelerating investments in organization, technology and partnerships to maintain leading position in a growing market



Continuing development investments in **alkaline and PEM technologies**, as well as technologies to support fast and reliable **hydrogen fueling for heavy duty applications**



Key markets show strong momentum with ever-larger projects. Nel needs to be a **financially strong counterpart** to meet its delivery and performance commitments as a much larger entity

Building **scalable capacity** to accommodate to multi-billion NOK revenue capacity and investing to **maintain leading position**

> 100 new employees in 2021

Deploying ~25% of capital raised in 2020 in plant, equipment, and technology development projects in 2021

Will add **more capacity as required by the market**

Ramp up resulting in **significantly negative EBITDA** in 2021



114 FTE
YE 2021



MUSD 45.6
YE 2021



MUSD -55.2
YE 2021

- On January 21, 2021 (CMD): Nel would invest significantly to maintain leadership position in a growing market
- Net 114 employees hired during 2021
- Cost base and investments strategically expanded ahead of demand curve
- The ramp-up provides Nel with the capacity to effectively target an all-time-high pipeline

Q4 2021

Highlights

Financial results and financing

Revenues

NOK 248 million

Up 8% from NOK 229 million in Q4 2020

EBITDA

NOK -168 million

Decrease from Q4 2020

Order backlog

NOK 1 230 million

Up 25% vs. same quarter last year (Q4 2020)

Order intake

NOK 418 million

Up 43% vs. same quarter last year (Q4 2020)

Cash balance

NOK ~2.7 billion

Support Nel's leading position and accelerated investments in technology and organization

Key developments

- PO for PEM electrolyser equipment from an undisclosed leading stationary fuel cell OEM with a value of approximately USD 2.6 million
- PO for 20 MW alkaline electrolyser from Ovako
- PO for alkaline electrolyser from a new, European customer with a value of approximately EUR 3.0 million
- PO for multiple H2Station™ for a site in the United States from a U.S. based fuel supplier with a value exceeding USD 6.0 million

Subsequent events

- Håkon Volldal appointed as new Chief Executive Officer from July 1, 2022
- Hyon AS, an associate company of Nel, announced successful private placement and plans for a subsequent listing
- PO with a value of about 5 MUSD for multiple PEM electrolysers from an innovation leader in sustainable food production in the U.S.
- PO with a value of about 5 MUSD for containerized electrolyser and hydrogen refueling equipment from a leading power and gas utility in the U.S.

Financial highlights

NOK million	2021 Q4	2020 Q4	2021	2020	2019
Operating revenue	248	229	798	652	570
Total operating expenses	445	368	1 381	1 066	823
EBITDA	-168	-96	-475	-252	-178
EBIT	-197	-139	-583	-414	-253
Pre-tax income (loss)*	-281	1 285	-1 684	1 246	-277
Net income (loss)*	-269	1 295	-1 667	1 262	-270
Net cash flow from operating activities	-102	-94	-449	-216	-200
Cash balance at end of period	2 723	2 333	2 723	2 333	526

* Q4 2021 includes a negative fair value adjustment of the shareholding in Nikola Corporation of NOK -7.3 million (a value of USD 9.87 per share as of December 31, 2021). The fair value adjustment was NOK -70.8 million and NOK 100.2 million in the fourth quarter 2020 and full year 2020, respectively. A USD 10 increase/reduction in the share price of Nikola Corporation will lead to gains/losses of about NOK 100 million with a USD/NOK of 9.0.

Q4 2021 includes a negative fair value adjustment of the shareholding in Everfuel of NOK -83.3 million (a value of NOK 38.18 per share as of December 31, 2021). The fair value adjustment was NOK 1 531.8 and NOK 1 531.8 million in the fourth quarter 2020 and full year 2020, respectively. The Everfuel shares was subject to a lock-up expired on October 29, 2021. A NOK 10 increase/reduction in share price of Everfuel will lead to gains/losses of about NOK 120 million..

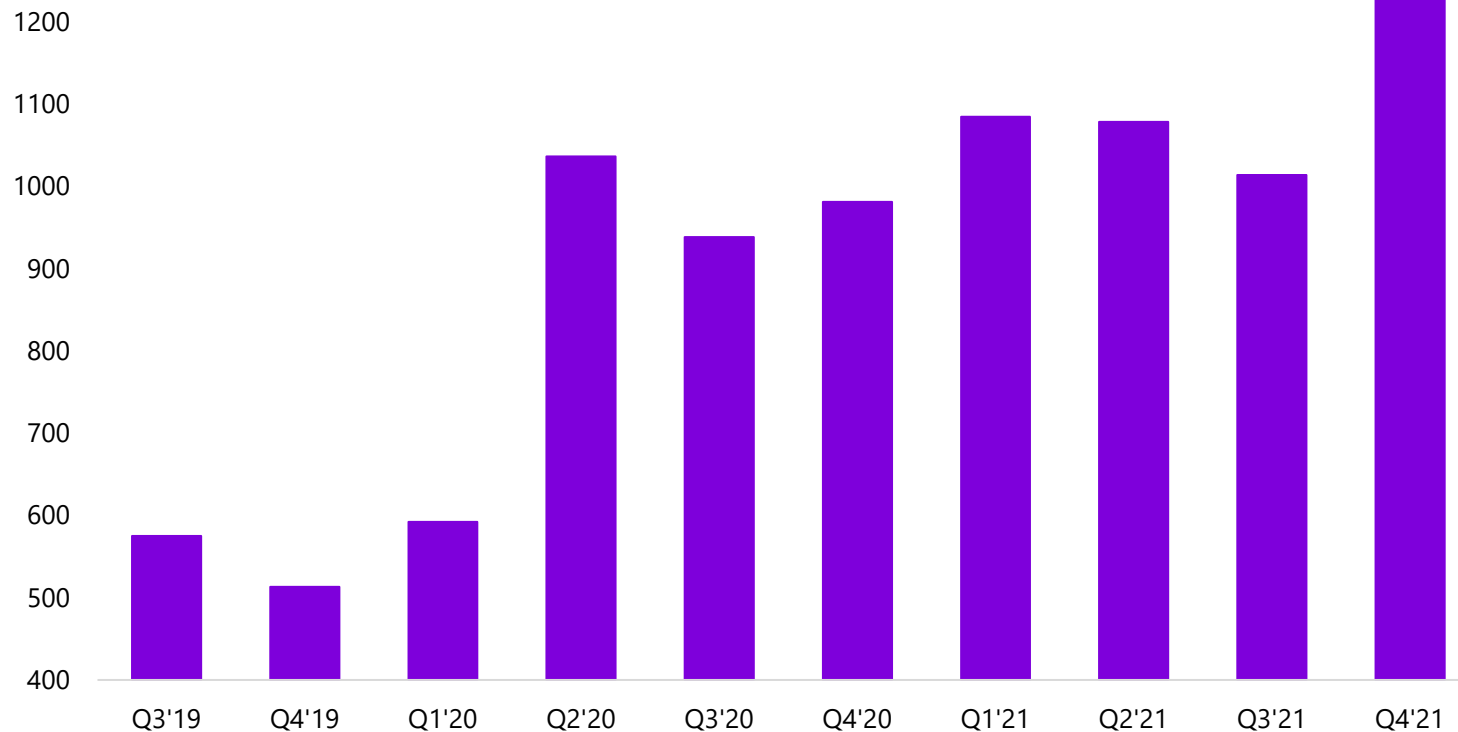
Negative effect on Q4 EBITDA & earnings

- EBITDA significantly impacted by preparations and investments for the future:
 - Projects are getting larger, continue to recruit to be able to deliver on what is coming
 - Across the entire organization; in particular, within project execution
 - Tuning and ramp-up of Herøya, full cost with limited revenue
 - Projects often include new geographies, customer segments, technological components, and/or products leading to additional costs and risk
- Financial results continue to be negatively impacted by overall Covid-19 situation:
 - Supply chain disruptions leading to increased lead times, costs and internal work load
 - Hiring external resources to compensate for Nel-employees not being able to travel
 - Additional hours spent on different projects due to various travel restrictions
 - Covid-19 will continue to cause disruptions and challenges in the start of 2022

All time high order backlog

Order backlog by quarter

NOK million



Solid order backlog

- Backlog up 21% from last quarter, up 25% from Q4 2020
- Strong pipeline across segments and industries
- Solid order intake in Q4
- Order intake is expected to vary between quarters as order size increases

Pipeline shown end Q3 2021

>6 billion
USD

>800
projects

>11
GW

>1 600 MW
Single largest

Accelerating pipeline development throughout 2021

- Doubled during the first three quarters
- Doubled again in Q4, during one single quarter

Unprecedented evolution of pipeline

2 x increase since Q3

>12 billion
USD

>1 000
projects

>22
GW

>2 000 MW
Single largest

Record-high pipeline presents opportunities for Nel:

- Scalable technology
- Reliable systems
- World-class efficiency
- Leading Total Cost of Ownership (TCO) for the customer
- Fueling agreements levelling up to multi station contracts



Fueling agreements levelling up to multi- station contracts

- From small individual projects to framework agreements for up to 80 fueling stations
- From one-off demonstrators to standardized volume solutions
- Fleets of stations, entire networks, from professional customers

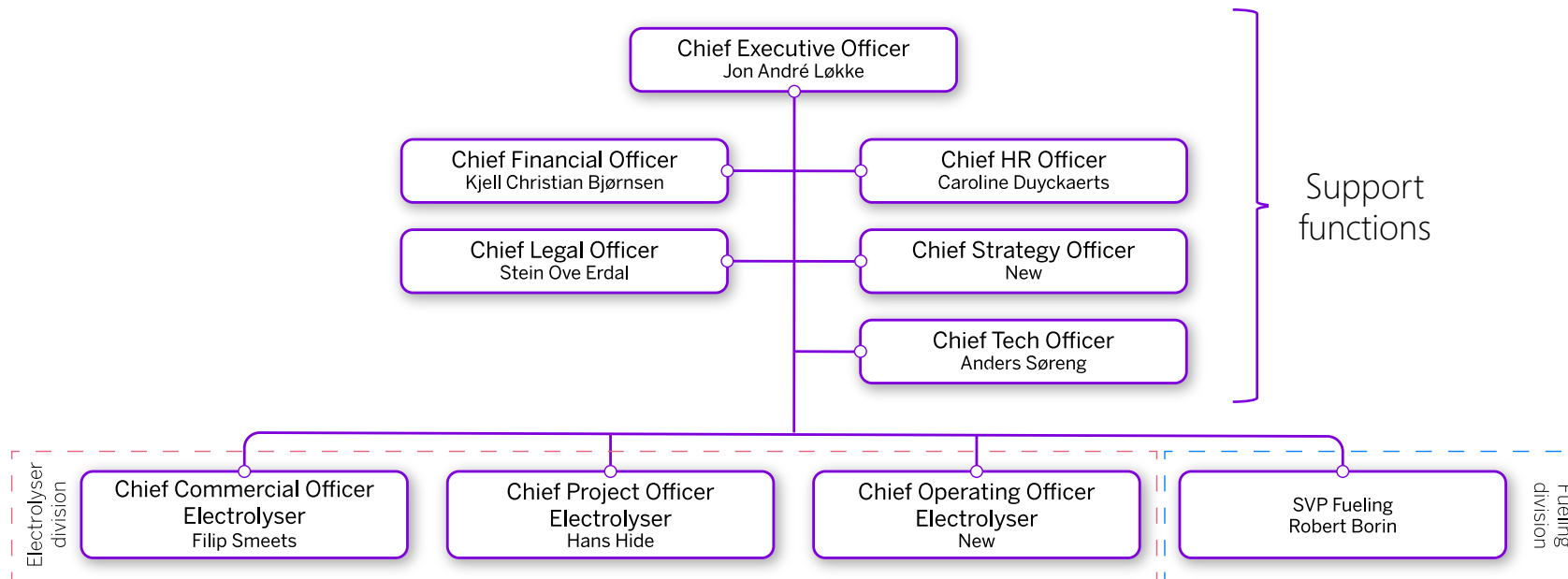




Herøya, an industrial gamechanger

- The world's largest and first fully automated electrolyser manufacturing facility
- Leading race towards fossil parity
- Finished on time and budget
- From new year, production running at 3 shifts
 - Line tuning during Q4, 2021
- New production records every week

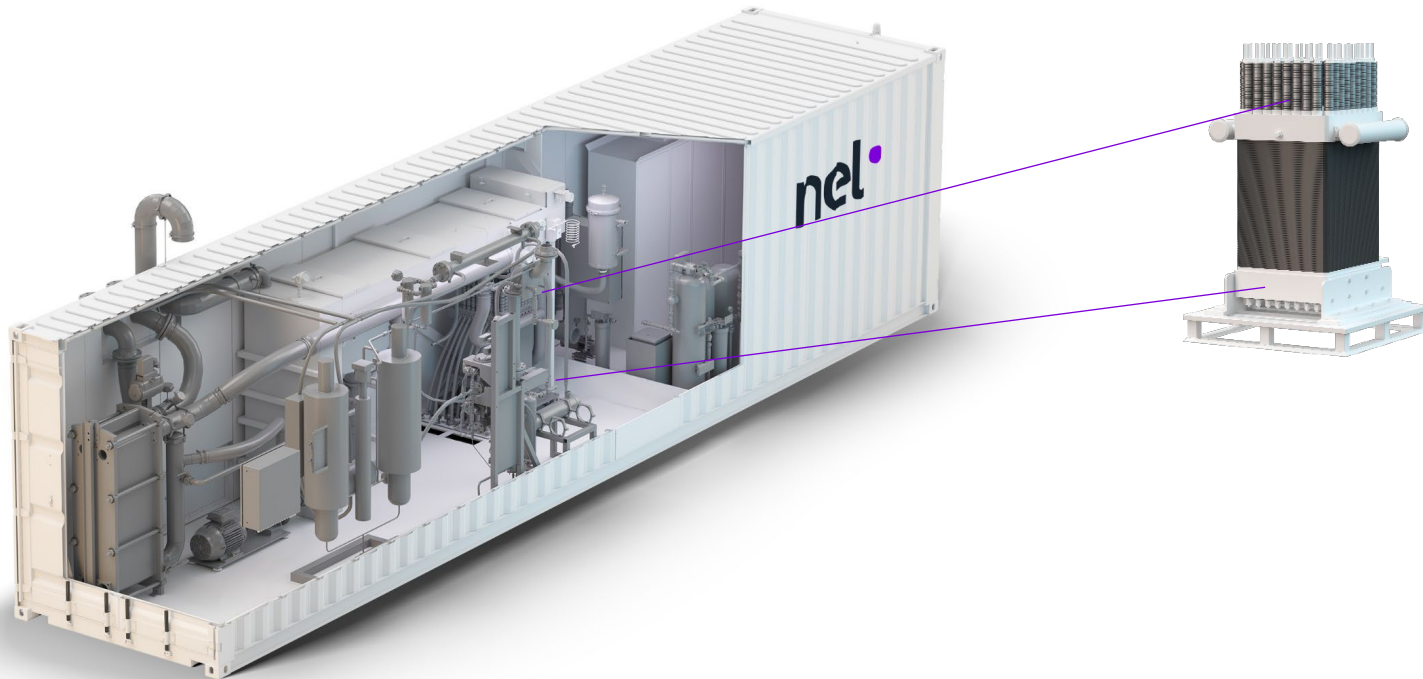
Organized for further growth



- Leadership team tailored to handle increasing pipeline of large project
 - Dedicated focus
 - Gain additional momentum
 - One team pulling in same direction
- New CEO in place on 1 July
 - In the meantime, full speed ahead and business as usual

3. Commercial developments

Contract for PEM electrolyser equipment



- Contract for PEM electrolyser equipment
- The contract is with a leading global fuel cell company
- The equipment will be delivered between 2022 and 2024
- The purchase order has a value of approximately USD 2.6 million

Purchase order for 20 MW alkaline electrolyser from Ovako



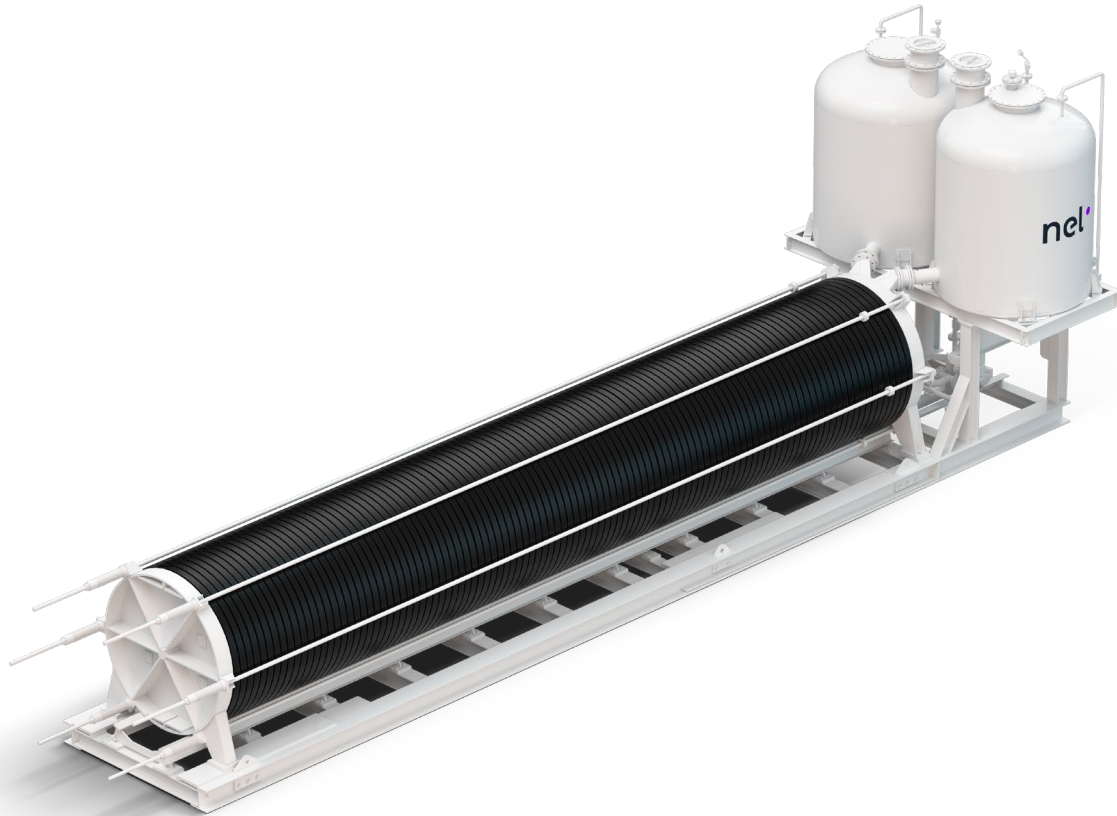
- Purchase order for a 20MW alkaline water electrolyser from Ovako
- Installation will be in Hofors, Sweden, at the first plant in the world to use green hydrogen to heat steel
- Fossil-free hydrogen will replace the use of fossil propane gas
- Supported by the Swedish Energy Agency

Purchase order for multiple hydrogen fueling modules in the US



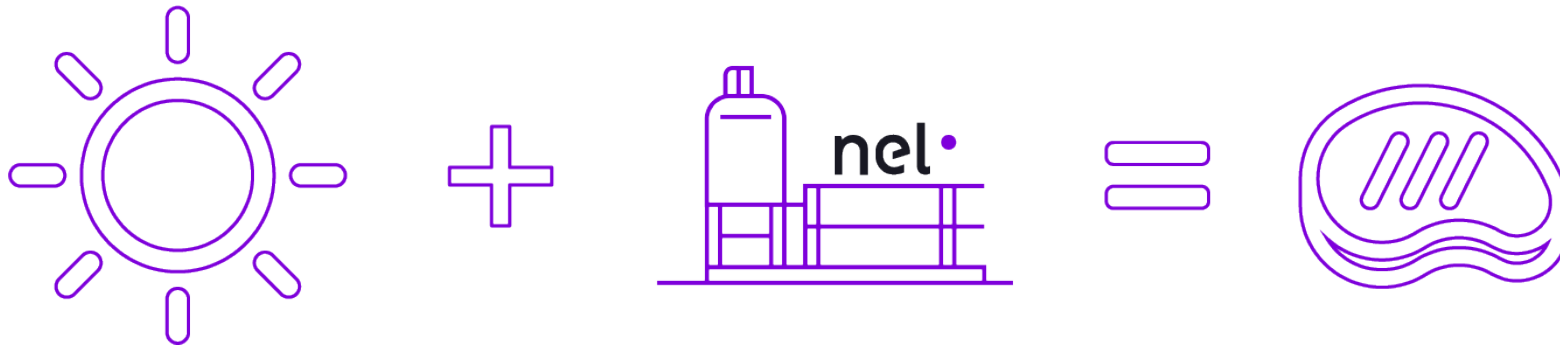
- H2Station™ fueling station will be located in the United States
- Proves the strength of our state-of-the-art technology
- Units will be manufactured and installed during 2022 and 2023
- The purchase order has a value exceeding USD 6 million

Purchase order for alkaline electrolyser system



- Equipment for steel application
- Expected to be delivered in 2022, with the first hydrogen production in 2023
- The value of the contract is approximately EUR 3 million

Feeding the world with hydrogen



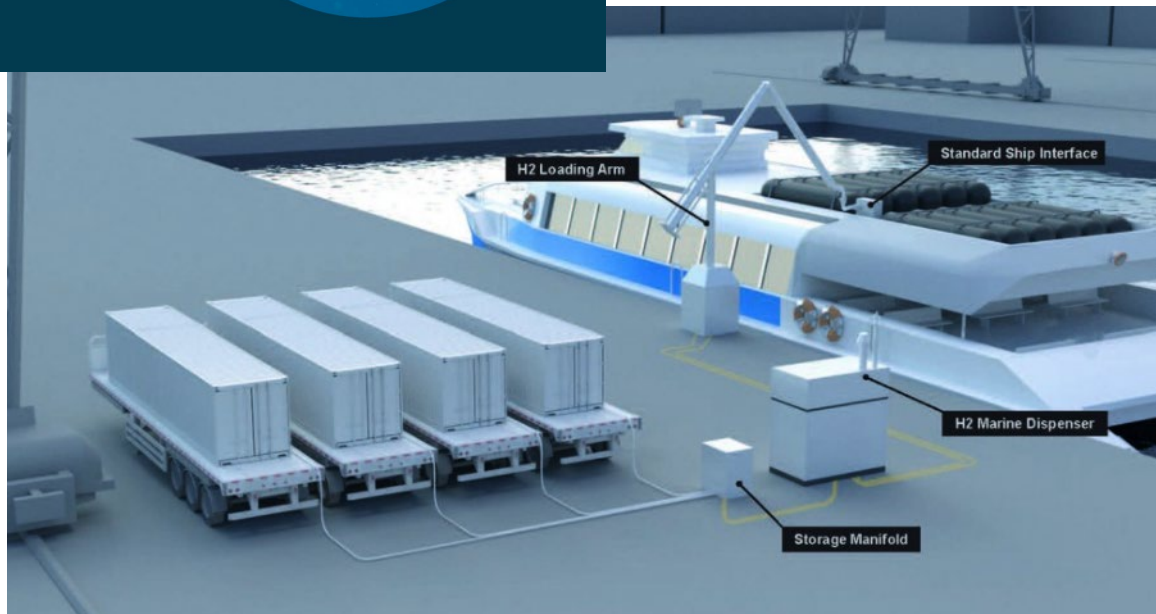
- Multiple PEM electrolysers to provide green hydrogen for sustainable carbon negative food production
- Leader in the commercialization of sustainable protein technology
- A novel and exciting approach to addressing both climate change and food production for the world
- The purchase orders have a value of approximately USD 5 million

Contract for containerized electrolyser and hydrogen fueling equipment



- Containerized PEM electrolyser and light duty hydrogen fueling station package for a leading power and gas utility in the US
- An important opportunity to demonstrate the flexibility and multiple value streams offered by green hydrogen
- Equipment will be delivered in late 2022 and early 2023
- The purchase order is valued at approximately USD 5 million

Completed private placement and IPO



- HYON specializing in hydrogen bunkering for ships and fast ferries
 - Saga Pure, Norwegian Hydrogen and Nel as three main shareholders
- First day of trading on 14 February
- Private placement completed of NOK 50 million

4. Execution strategy in 1-2-3

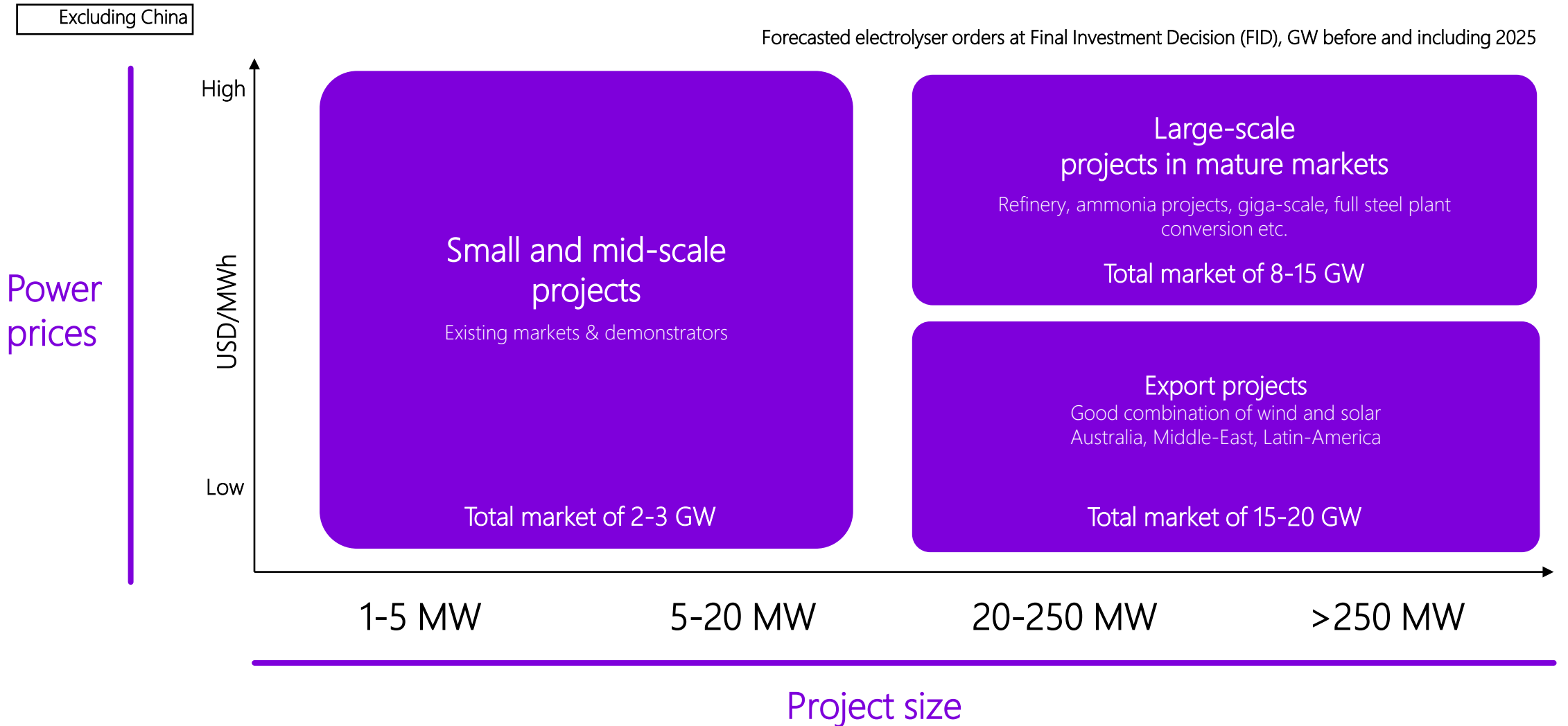
Key trends currently and towards 2025

Pipeline
booming

Projects getting
significantly
larger

Consequently,
time from lead
to contract
getting longer

Systematically addressing relevant growth segments



Unprecedented evolution of pipeline

2 x increase since Q3

>12 billion
USD

>1 000
projects

>22
GW

>2 000 MW
Single largest

Record-high pipeline presents opportunities for Nel:

- Scalable technology
- Reliable systems
- World-class efficiency
- Leading Total Cost of Ownership (TCO) for the customer
- Fueling agreements levelling up to multi station contracts

Execution strategy 1:
Targeting a record-high pipeline and
systematically working to win

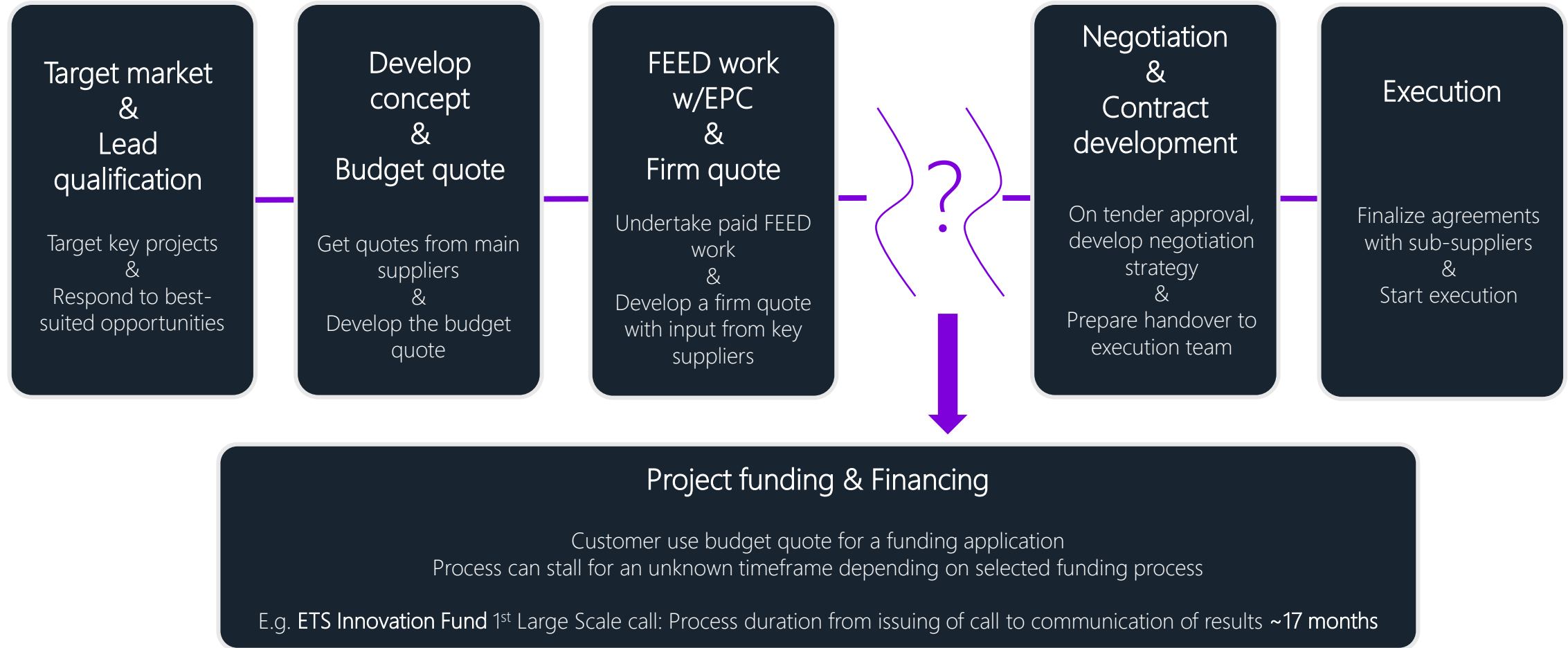
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We have ~90 own employees
continuously developing
pipeline from leads to contract
and execution

In addition, >50 people from various
EPC partners



World class project team working with leading EPC partners



Execution strategy 2:
Large-scale concepts based on a scalable
solution with high quality and low cost

A technology leader on two platforms



Alkaline

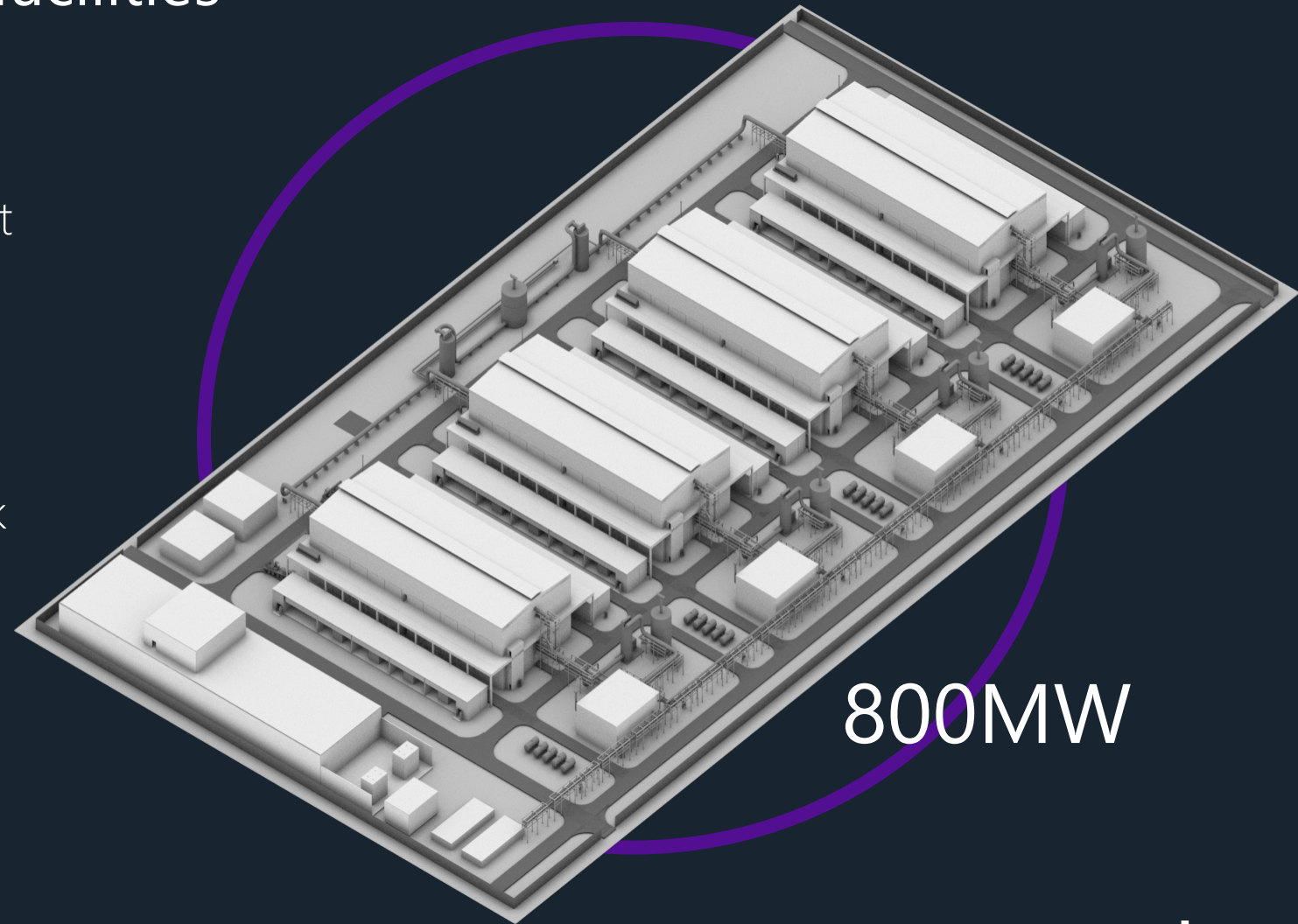


PEM

- Provides flexibility and positions us for growth in different market segments around the world

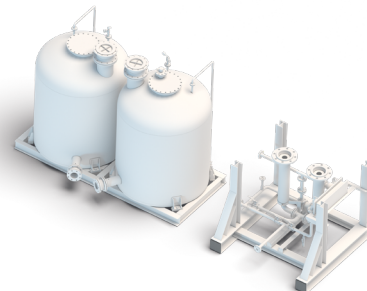
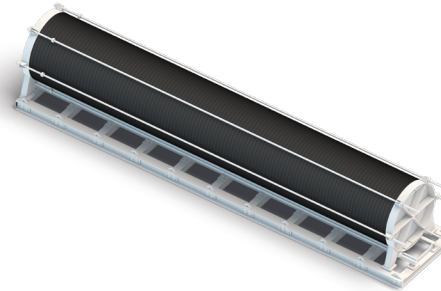
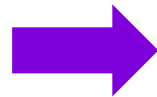
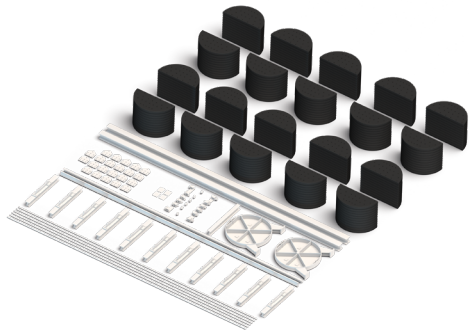
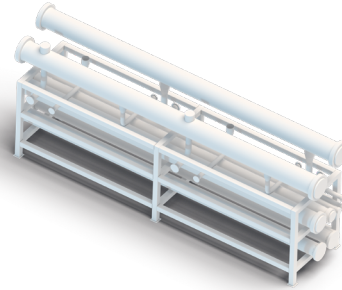
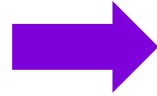
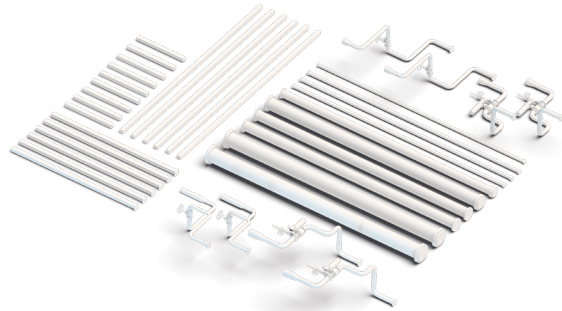
Building blocks that enable scalable solutions to meet customers' need for larger facilities

- Completed design for 800MW green renewable hydrogen production plant
 - Based on 200MW building blocks
- Have “consolidated” Balance of Plant elements to optimize overall CAPEX, realizing synergies to reduce cost
- Nel only company w/large-scale track record
 - Bankable, proven technology with performance guarantees



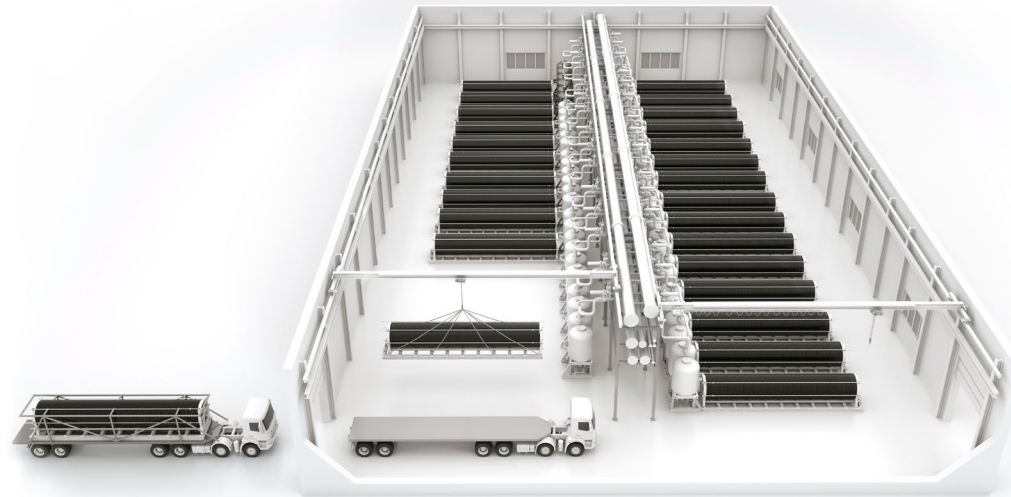
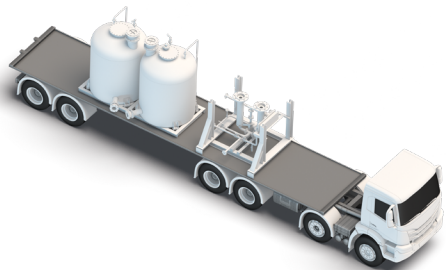
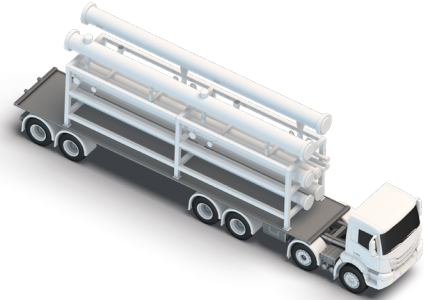
800MW

Safe, cost-efficient and hassle-free installation



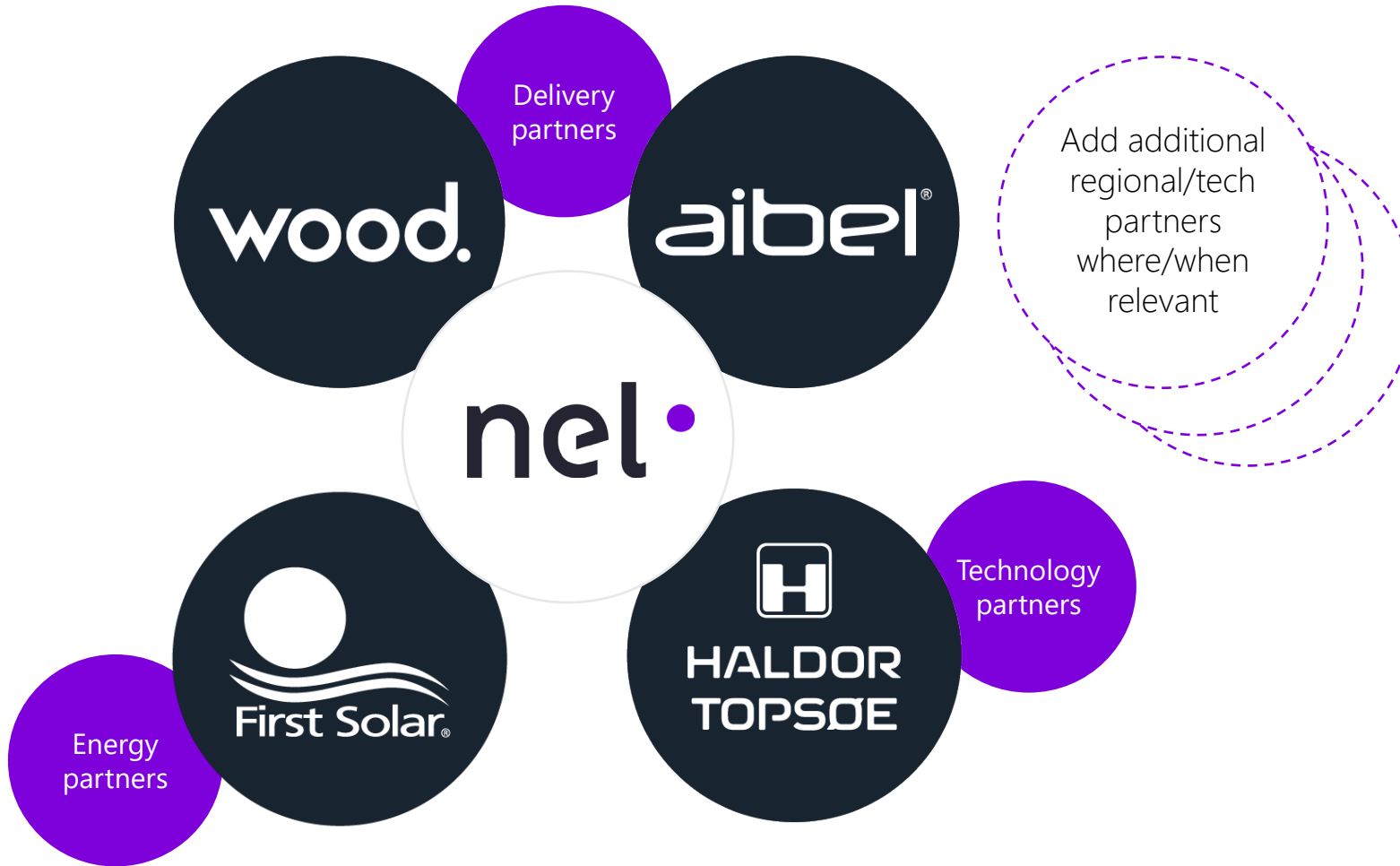
- Pre-assembled pipes, stacks and separators, ensures hassle-free installation in a safer and more efficient way
- Reduces time and cost for customers
- Produced by pre-qualified contract manufacturing partners

Safe, cost-efficient and hassle-free installation



- Develop a skid that is easy to transport
 - Easy to unload
 - Easy to assemble
- Ensures scalability from 20 to 800 MW plants and beyond

Leveraging on our independent partnership model



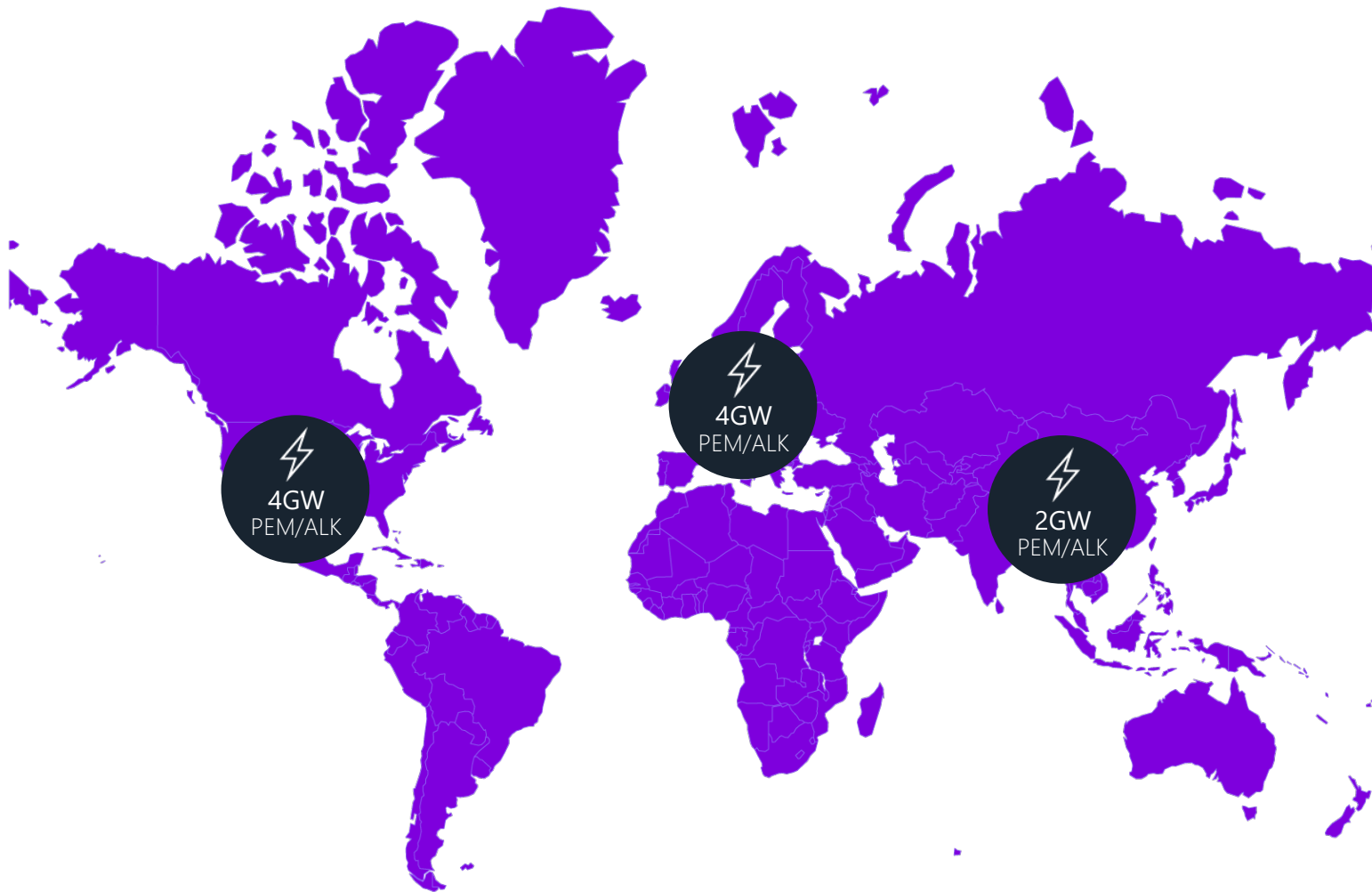
- Successfully developing the partnership model
- Flexibility and independence increasingly important:
 - Projects ranging from 2-20-200-800 MW plants and beyond
 - Broader specter of customers
 - Broader geographical scope
- Partnerships with the leading companies within their fields
- Continue to add regional/tech partners where/when relevant

To summarize so far...

- Have leading technology platforms both in terms of CAPEX and OPEX
- Introduce world class manufacturing through industrialization and automatization
 - Scale up of manufacturing
- Develop concepts for GW scale production of green renewable hydrogen
 - Incl. "consolidation" of Balance of Plant elements to achieve synergies
- Develop pre-assembled skid solutions incl. efficient transportation system
- Qualify supporting supply chain to cover the globe
- Work with leading EPC-partners to boost project execution muscle

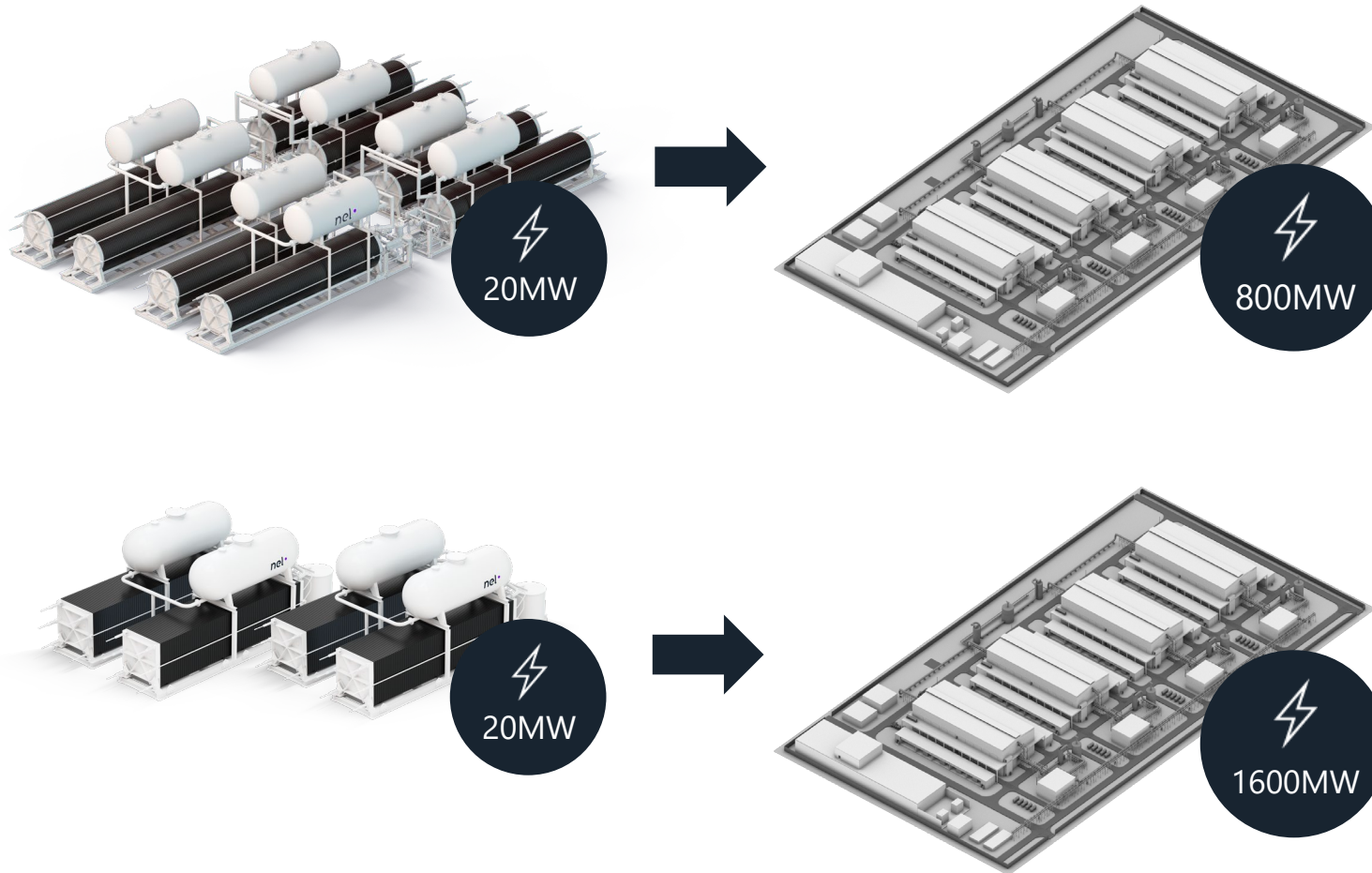
Execution strategy 3:
Target large-scale production capacity in key
geographical regions, continue to evolve
both ALK & PEM platforms

Global technology production capacity to address global market



- Apply same operational and industrialization principles across technology platforms (PEM & ALK)
- Produce both PEM & ALK under same roof in large GW-facilities
- Have initiated site selection process for large-scale technology production facility (PEM & ALK) in the U.S.

Major step-changes to come on Alkaline & technology platforms



- Major step-changes to come on Alkaline as well as other technology platforms
- Step-change translate into doubling of output for 800MW plant customers
 - From 800MW to 1,600MW with same overall design/footprint
- Will continue to see improvements across all platforms

Summary and outlook

Nel a global leader within hydrogen technologies

Proven track record and established market leader

- Pure play, independent hydrogen technology company
- Decades of experience in PEM and alkaline electrolyser platforms
- Technology leadership, large-scale concepts ready to go

Scalability & cost leadership

- First to announce ambition on green hydrogen cost at USD 1.5/kg by 2025, reaching fossil parity
- Initiated site selection and will continue to add capacity when required by the market
- Expect to break order-size records in 2022

Strong partnership strategy

- Global delivery and execution muscle for large-scale, complex projects
- Partnerships for development of complete applications for end-users
- Preferred partner across the green hydrogen value chain

number one by nature