

nel

Q1 2022

Jon André Løkke, CEO  
11 May 2022

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# Agenda

1. Nel in brief
2. Q1 highlights
3. Commercial developments
4. Political events
5. Summary and outlook
6. Q&A



# Leading pure play hydrogen technology company with a global footprint



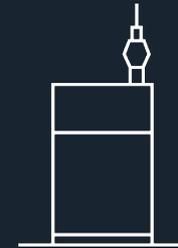
Pure play hydrogen technology company listed on Oslo Stock Exchange (NEL.OSE)



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

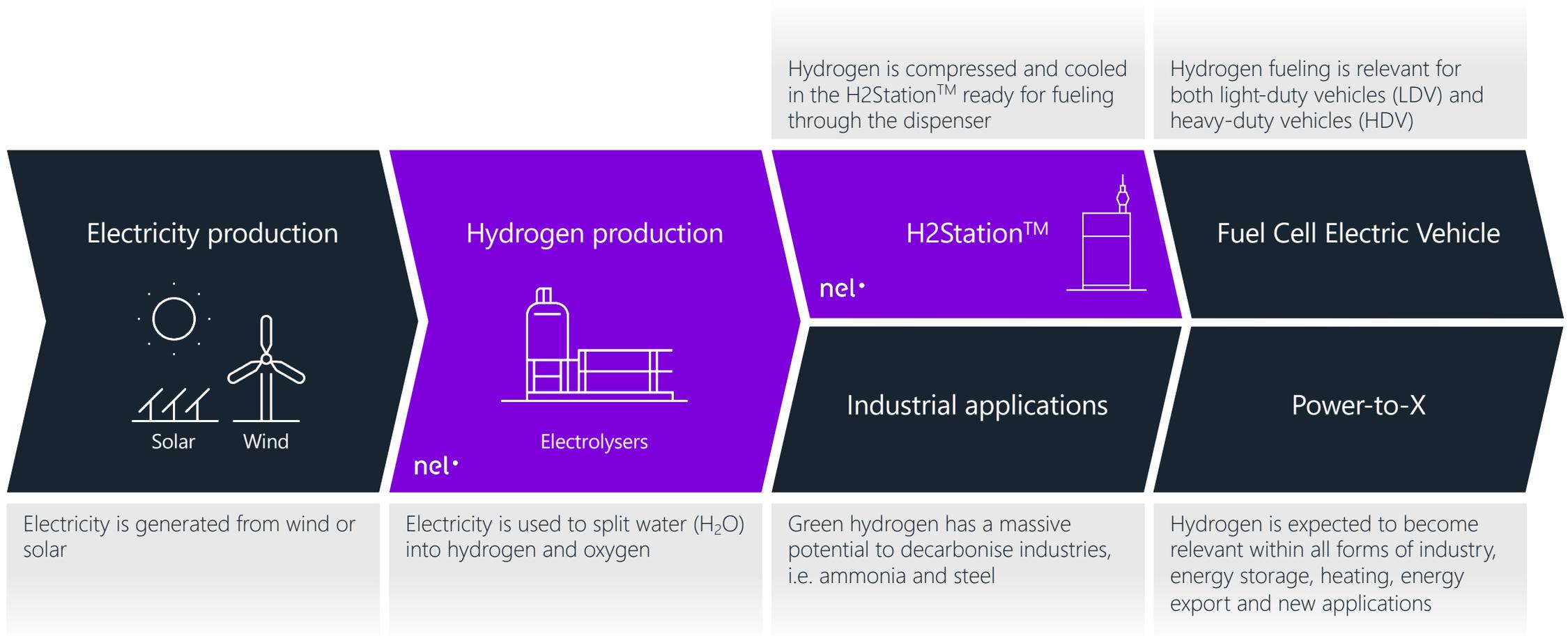


World's largest electrolyser manufacturer, with >3,500 units delivered in 80+ countries since 1927



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

# Technology offering to enable the green transition



# 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 fueling stations

Herning, Denmark



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

## 2. Q1 highlights

Q1 2022

# Highlights

## Financial results and financing

### Revenues

**NOK 213 million**

Up 36% from NOK 157 million in Q1 2021

### EBITDA

**NOK -152 million**

Decrease from Q1 2021

### Order backlog

**NOK 1 289 million**

Up 19% vs. Q1 2021

### Order intake

**NOK 283 million**

Up 7% vs. Q1 2021

### Cash balance

**NOK 3 940 million**

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

## Key developments

- Received purchase orders for:
  - Multiple PEM electrolyzers from a leader in sustainable food production. Value approx. USD 5 million
  - Containerized electrolyser and hydrogen fueling equipment in the US. Value approx. USD 5 million
  - An alkaline electrolyser system for Solar Foods in Finland. Value approx. EUR 2 million
  - An alkaline electrolyser in Europe that will be used for multiple clients. Value approx. EUR 3 million
  - Several H2Station™ modules in Paris, France, fuelling the worlds largest fleet of hydrogen taxis
- Successful private placement completed, raising NOK 1.5 billion of new equity
- Håkon Volldal appointed as the company's new Chief Executive Officer

## Subsequent events

- Received purchase orders for:
  - One H2Station™ hydrogen fueling module from HTEC in Canada. Value approx. USD 1.5 million
  - Hydrogen fueling equipment from Biproraf in Poland
  - Two H2Station™ fueling systems from a European client. Value approx. EUR 3 million
- Official opening of the 500 MW Herøya facility
- Decided to secure long-lead items for a new 500 MW alkaline production line

# Financial highlights

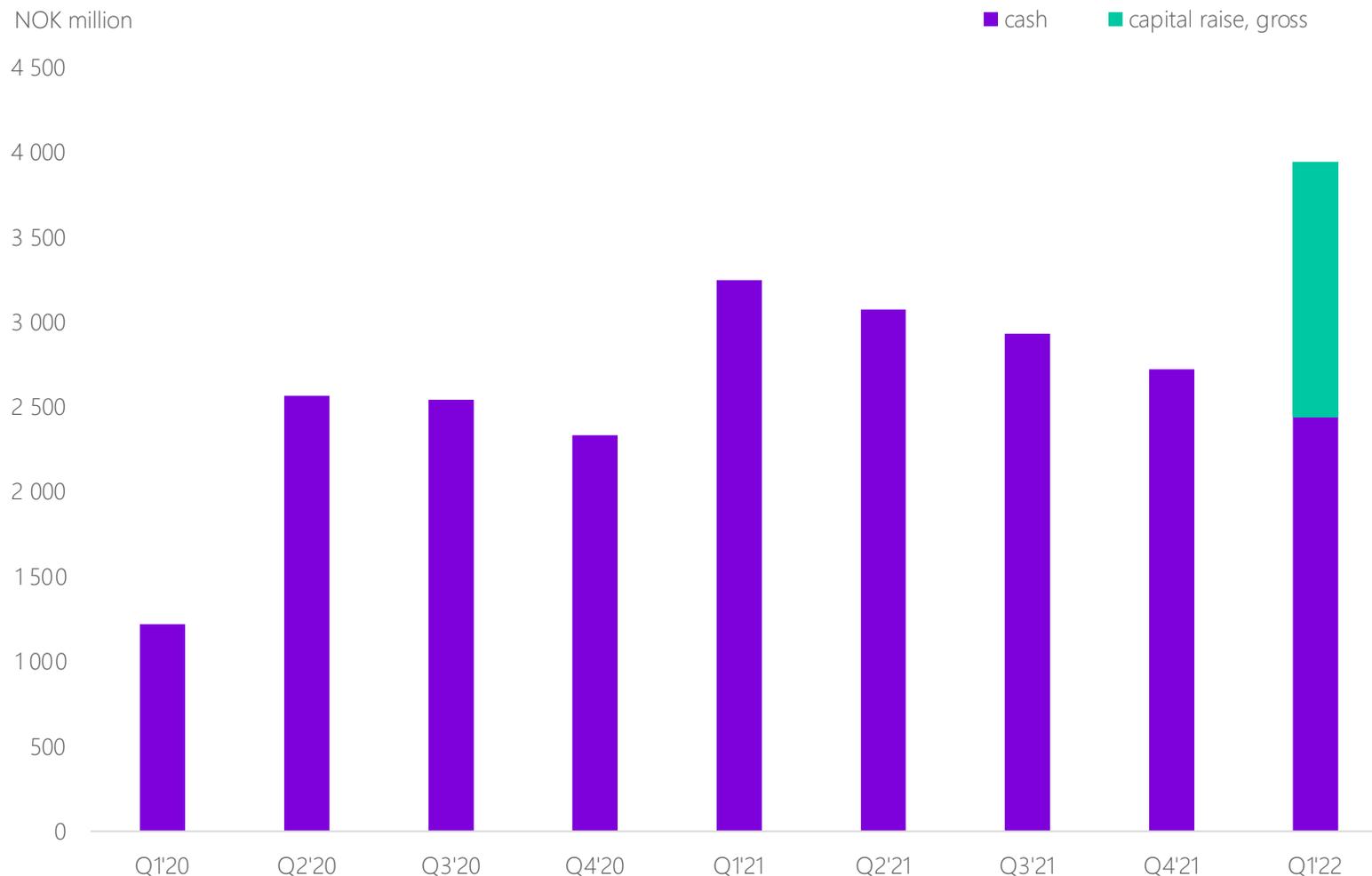
NOK million	2022 Q1	2021 Q1	2021	2020	2019
Operating revenue	213	157	798	652	570
Total operating expenses	-400	-255	1 381	1 066	823
EBITDA	-152	-74	-475	-252	-178
EBIT	-187	-98	-583	-414	-253
Pre-tax income (loss)*	82	-580	-1 684	1 246	-277
Net income (loss)*	84	-578	-1 667	1 262	-270
Net cash flow from operating activities	-159	-185	-449	-216	-200
Cash balance at end of period	3 940	3 248	2 723	2 333	526

\*The first quarter 2022 includes a net unrealised fair value adjustment of financial instruments of NOK 270 million. The net unrealised fair value adjustment was NOK -479 million in the first quarter 2021.

# Negative effect on EBITDA and earnings

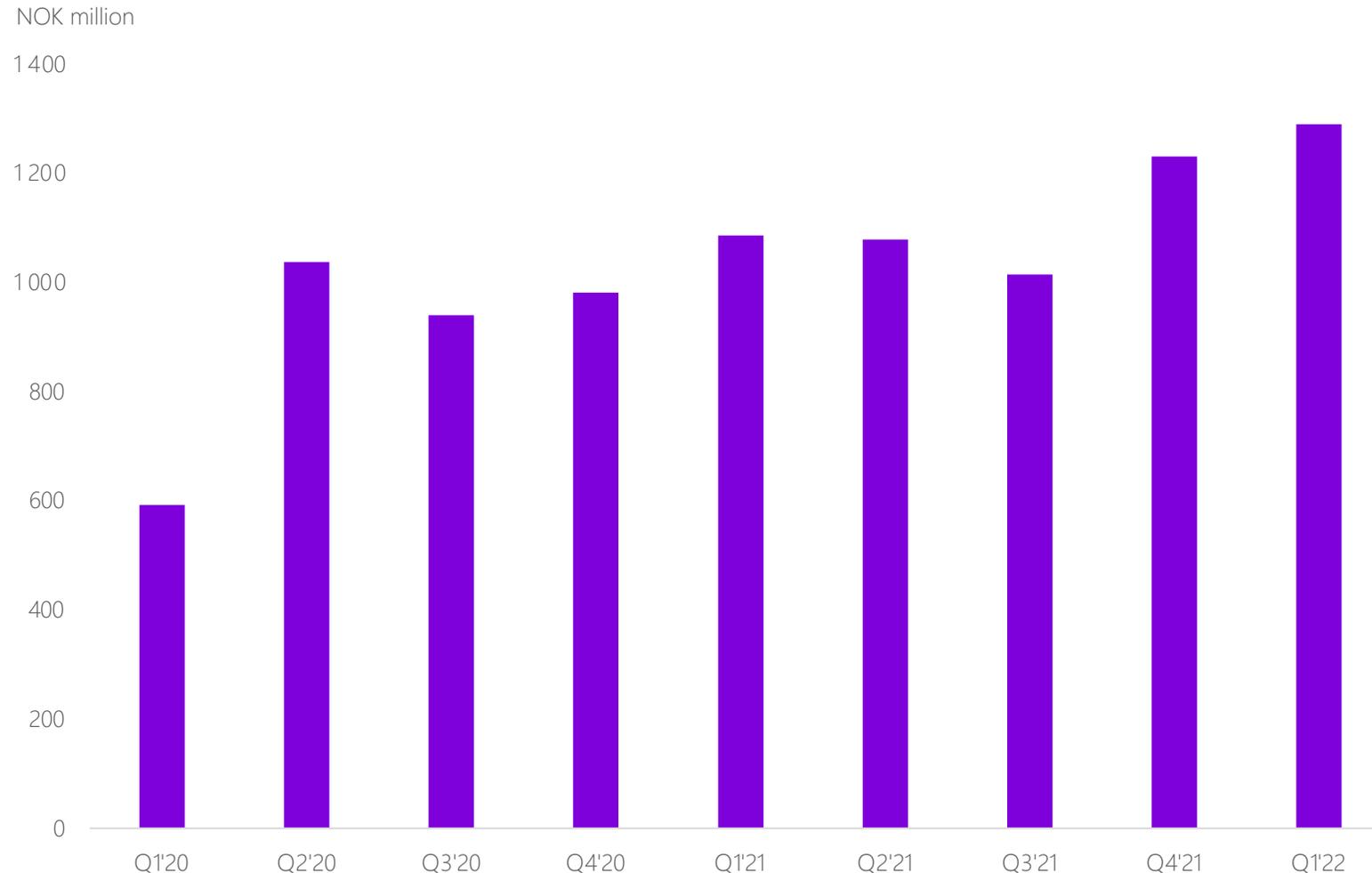
- EBITDA continues to be impacted by preparations and investments for the future
  - Projects are getting larger, and we continue to recruit to meet growing demand
    - Across the entire organization; in particular, within project execution
  - Tuning and ramp-up of Herøya, full cost with less than full revenue effect
  - Projects often include new geographies, customer segments, technological components, and/or products leading to additional costs and risk
- Global supply chain disruptions complicates processes and potentially also earnings
  - Expect a general price increase from suppliers due to cost increases for raw materials, energy and transport
  - Key suppliers are challenged with the aftermath of Covid-19 and the Russian invasion of Ukraine, and sees higher cost levels and more complicated allocation of goods
  - Nel seeks to mitigate and limit the allocation issues and price increases through close cooperation with our suppliers, and to forward as much commodity price risk to our clients as possible

# Successful private placement completed, raising NOK 1.5 billion of new equity



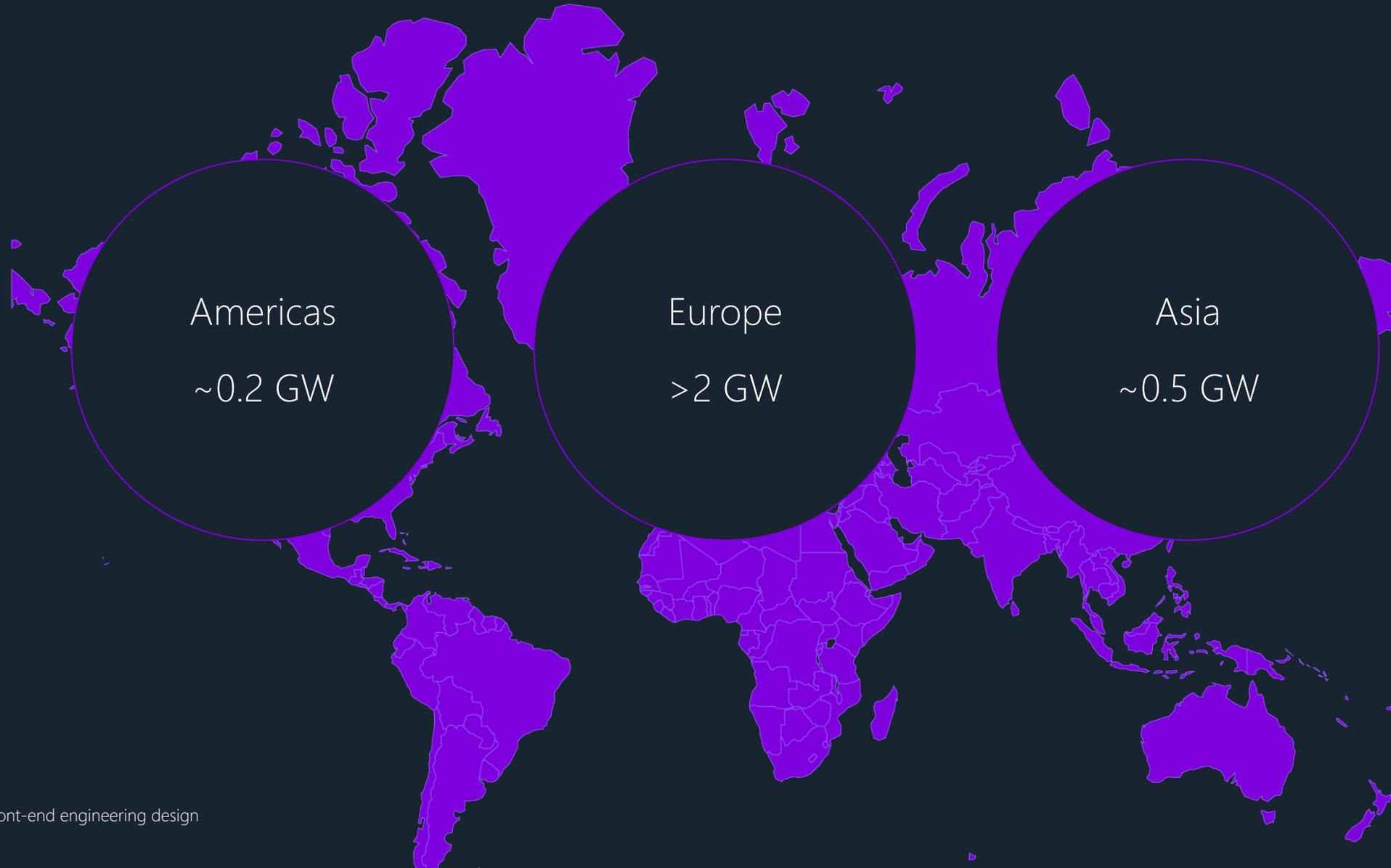
- On March 23 2022 the company completed a private placement, raising gross proceeds of NOK 1.5 billion at NOK 15.3 per share, the largest in Nel's history
- The book was 4.5x covered
- Use of proceeds is continued investments in production capacity, organizational growth linked to order intake and tender activity, and general corporate purposes

# Order backlog continued to build in Q1 2022



- Order backlog continues to grow
- NOK 283 million added in Q1 2022
- Up 5% from Q4 2021  
Up 19% from Q1 2021
- Order intake is expected to vary between quarters as order sizes increases
- The pipeline continues to grow across all segments and industries

# Top 5 FEED study involvements currently ongoing



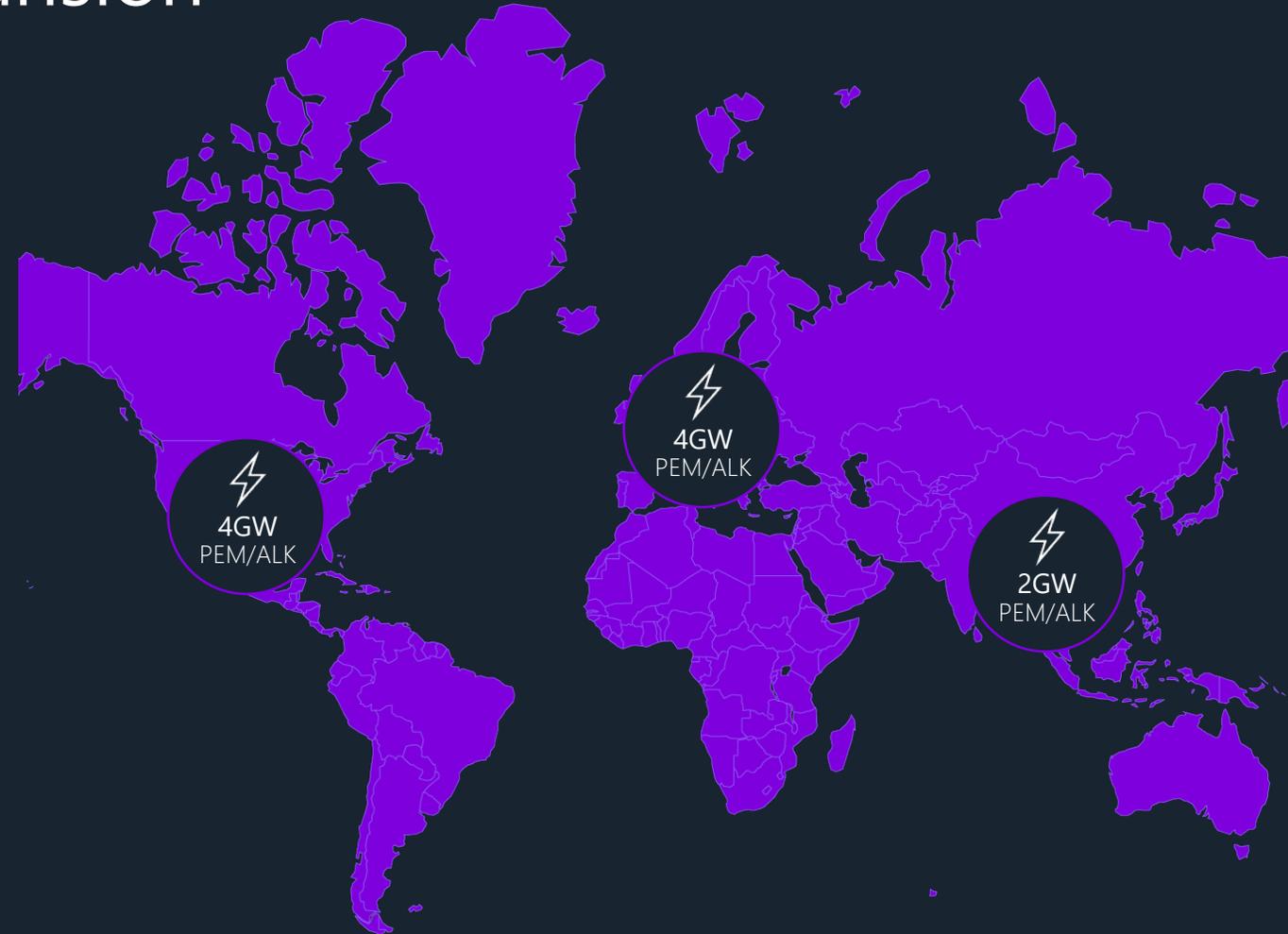
# Top 5 FEED study involvements currently ongoing

Project	Location	MW
FEED 1	Europe	800
FEED 2	Europe	750
FEED 3	Europe	700
FEED 4	Asia	500
FEED 5	Americas	200
Etc.		...

- Announced involvement in the FEED study for EverWind Fuels' Point Tupper project
- Nel is involved in several FEED/pre-studies, giving a head start to compete for potential firm contracts
- Still substantial commercial risk up until potential FID is taken

# Positioned for capacity expansion

- Decided to secure long-lead items for a new 500 MW alkaline production line
- Site selection initiated in Europe and US
  - Europe: At Herøya or a new site outside Norway
  - US: Search for new sites for both technologies
- Active search for strategic partnerships in Asia
- Future expansions will build on experience from successful launch at Herøya



Well positioned to move fast  
on both alkaline and PEM

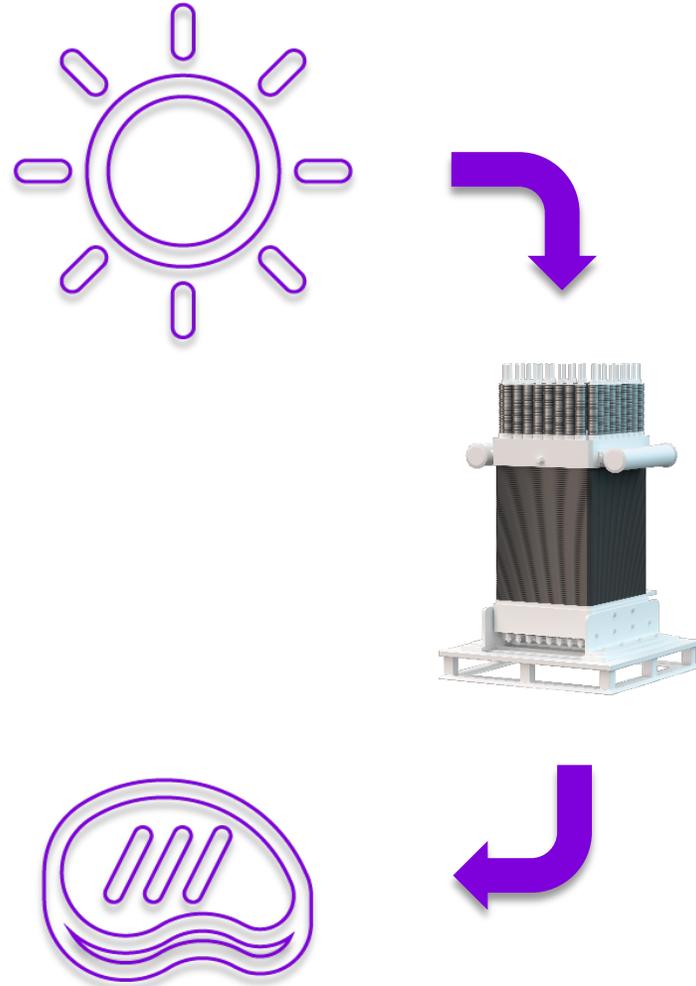
## 3. Commercial developments

# Contract for containerized electrolyser and hydrogen fueling equipment



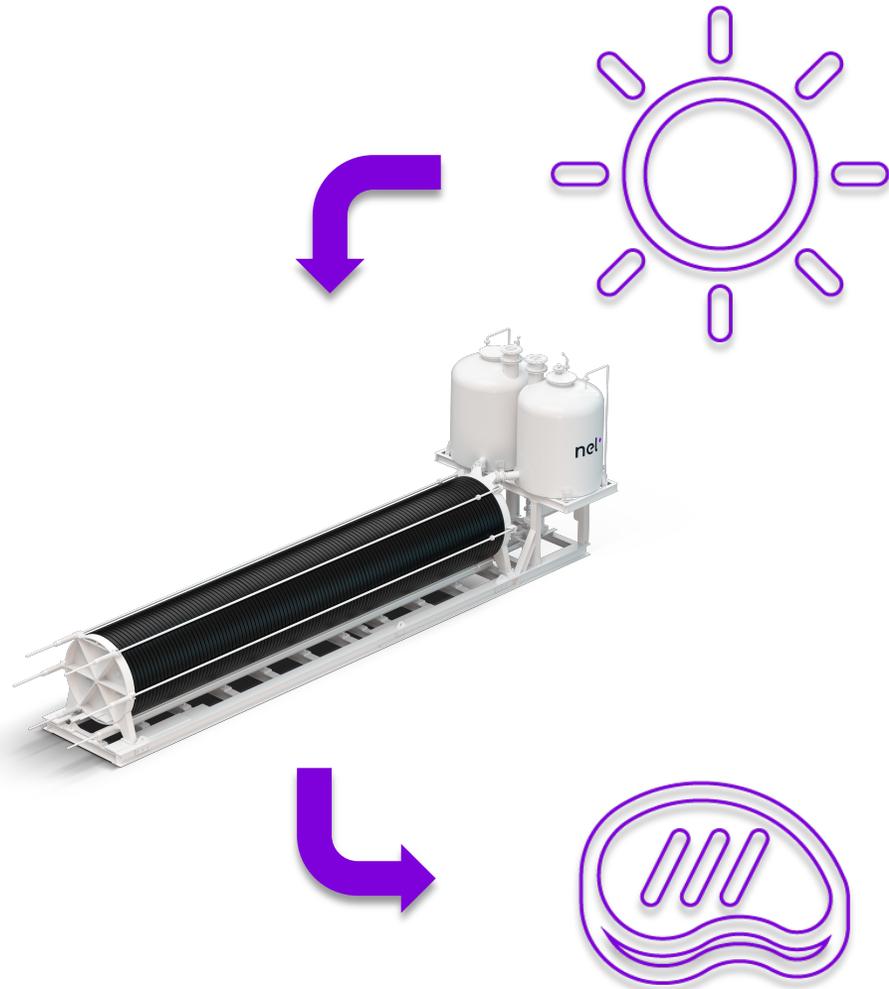
- Client: Undisclosed
- Delivery: late 2022 - 2023
- Value: Approx. USD 5 million
- Containerized PEM electrolyser and light-duty hydrogen fueling station package for a power and gas utility in the US
- An important opportunity to demonstrate the flexibility and multiple value streams offered by green hydrogen

# Contract for PEM electrolysers to be used in food production



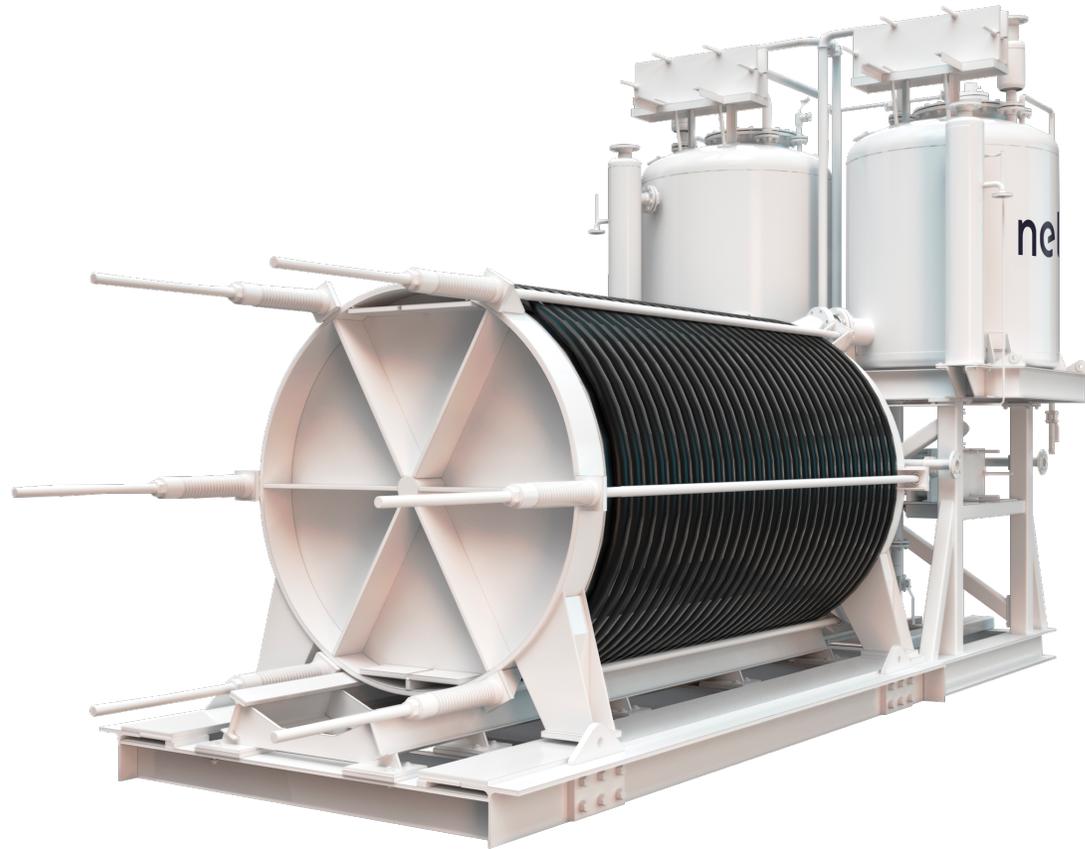
- Client: Undisclosed
- Delivery: 2022 - 2023
- Value: Approx. USD 5 million
  
- Leader in the commercialization of sustainable protein technology
- A novel and exciting approach to addressing both climate change and food production for the world

# Contract for alkaline electrolyser to be used in food production for Solar Foods



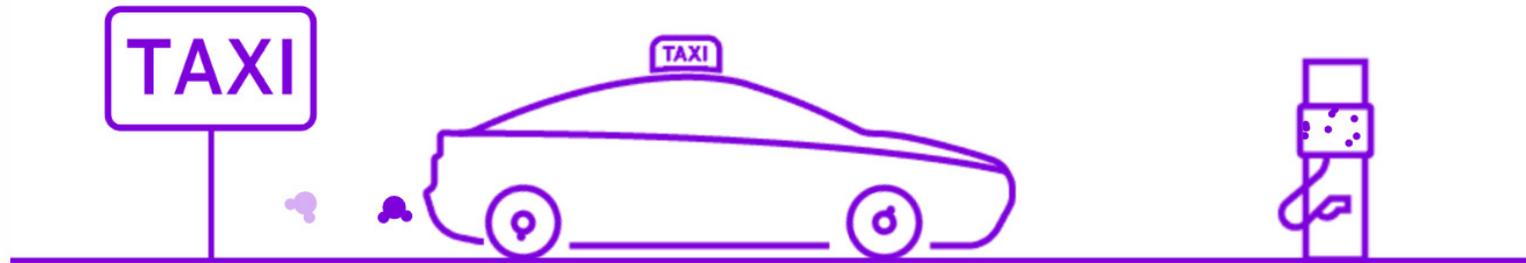
- Client: Solar Foods
- Delivery: 2022 / early 2023
- Value: Approx. EUR 2 million
- Hydrogen for production of Solein® using a bioprocess where microbes are fed with gases and small amounts of nutrients
- Showcasing a green hydrogen solution that supports carbon reduction in the food production industry

# Purchase order for an alkaline electrolyser in Europe



- Client: Kraftanlagen for Hy2B
- Delivery: end of 2022 / 2023
- Value: Approx. EUR 3 million
- The project will provide green hydrogen to the European market. The unit will mainly serve fueling of trailers and industrial customers
- Hy2B Hydrogen has commissioned Kraftanlagen Energies & Services as a contractor to set up the electrolyser plant

## Purchase order for several H2Station modules in Paris, France



- Client: HysetCo
- Delivery: 2022
- Value: Undisclosed
  
- Will be used for light-duty fuel cell electric vehicles in Paris
- HysetCo owns the world's largest fleet of hydrogen taxis, deployed in the Paris region
- Hydrogen to enable green transportation with high utilization and minimize periods without revenue

# Purchase order for fueling equipment from HTEC



- Client: HTEC
- Delivery: 2023
- Value: Approx. USD 1.5 million
- HTEC, a market leader in clean hydrogen infrastructure in North America (17 stations in operation/development)
- This is the third station sold to the client
- Opportunity for further collaboration as the company continue to build out its network

# Purchase order for fueling equipment for Biproraf



- Client: Biproraf
- Delivery: 2023
- Value: Undisclosed
- The company's first hydrogen fueling station to be used to fuel both light- and heavy-duty vehicles, and forklifts in Poland
- Biproraf, provides technologies and solutions for industry and economic infrastructure

# Purchase order for H2Station™ fueling systems from a European client



- Client: Undisclosed
- Value: Above EUR 3 million
- The European fueling network continues to expand, and the units will mainly fuel heavy-duty vehicles with fast and reliable technology

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FACILITY INAUGURATION  
gamechanger  
20. - 21. april

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See video from opening of the Herøya facility on [nelhydrogen.com](http://nelhydrogen.com)

# Automation: a key component for cost reductions

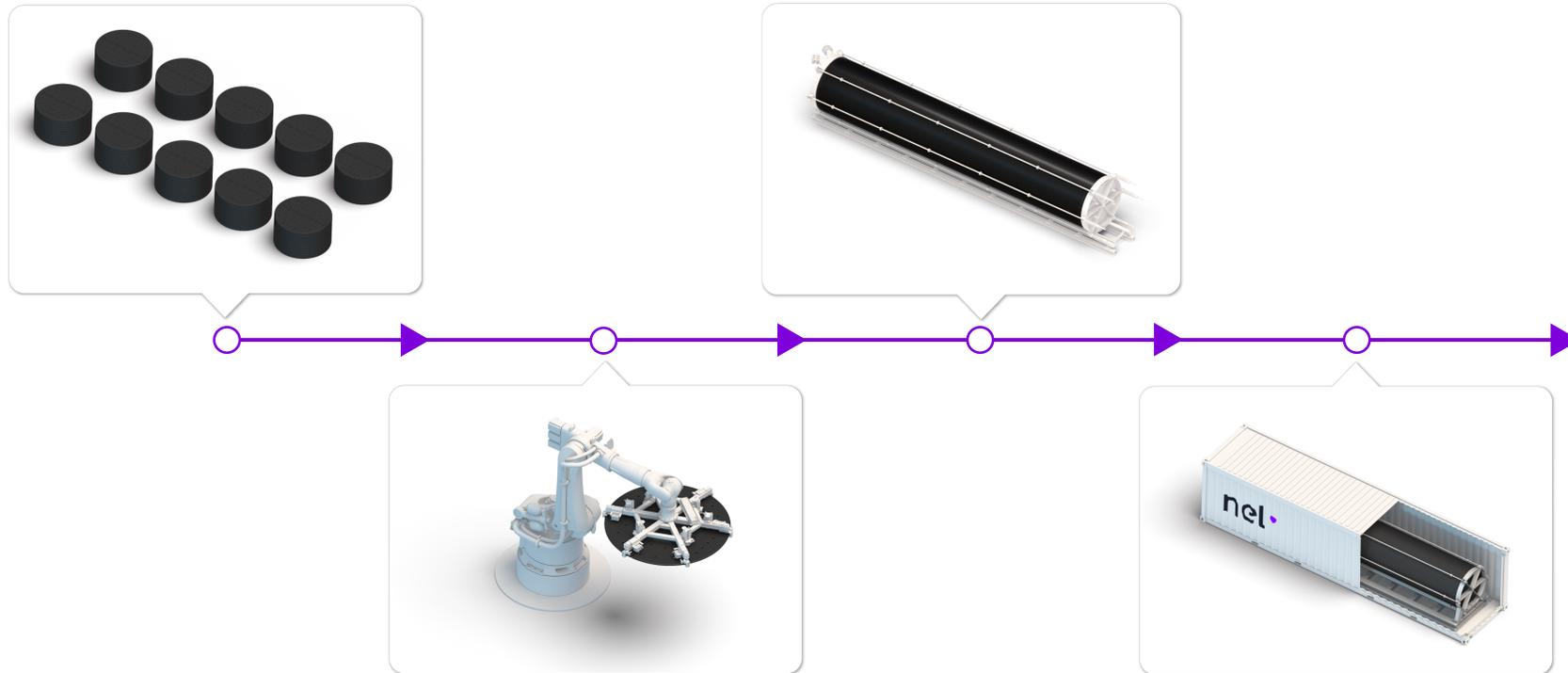
On track to reach the ambition to produce green hydrogen for \$1.5/kg by 2025, target to reduce CapEx cost by ~75%

Around half of this reduction relates to scale-up and cost-down through automation at sites like Herøya

- ✓ Higher volume
- ✓ More efficient designs
- ✓ Less usage of materials
- ✓ No use of rare-earth/exotic materials



# Automated stacking process provides further cost reductions



- Planning to add an automated stacking station at Herøya
- Reduce installation time and cost as stacking can be done in the factory
- Faster and safer assembly process of the stacks
- Easier transportation and installation on site

# 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

## 4. Political events



POLITICAL EVENTS

# Committed to support RePowerEU

Target to make Europe independent from Russian energy a.s.a.p. and accelerate the green transition

Nel will support this initiative and ramp-up production capacity when demanded by the market



# RePowerEU ambitions

- Produce 10 million tons of renewable hydrogen in Europe by 2030, and 10 million tons outside of Europe to support total demand
- May 5<sup>th</sup>, the European Commission and European electrolyser industry signed a joint declaration to improve framework conditions for electrolyser manufacturers in Europe.  
Key takeaways:
  - CAPEX and OPEX support
  - Scalable technologies needed
  - Only European manufacturers
- States Europe's ambitious goal for hydrogen production, part of plan to make Europe independent from Russian fossil fuels
- The EU Commission is expected to present a detailed plan for implementation of RePowerEU on May 18<sup>th</sup>, the so called 'Hydrogen Accelerator'



European Commissioner for Internal Market,  
Thierry Breton

## 5. 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 in US and Europe, and will continue to add capacity when required by the market
- Strong pipeline, and 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