Q1 2021
Jon André Løkke, CEO
4 May 2021
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Agenda

• Nel in brief
• Q1 highlights & financial review
• Delivering on partnership strategy
• Other key developments
• Summary / Outlook
• 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 110+ H2Station™ solutions delivered/in progress to 13 countries
Strong field know-how and manufacturing capacity

**PEM electrolysers**  
Wallingford, USA

- Systems delivered: **2,700+**  
- Production capacity: **> 50 MW/year (room to expand)**  
- History: **~25 years**

**Alkaline electrolysers**  
Herøya, Norway

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

**Hydrogen refueling stations**  
Herning, Denmark

- Stations delivered: **110+**  
- Production capacity: **300 HRS/year**  
- History: **~20 years**
Nel is the largest electrolyser manufacturer worldwide

The world’s largest electrolyser manufacturers
Ranked by revenues

Source: Company websites, 2019 annual reports and market intelligence
Strengthening the organization through strategic changes to Nel group management

- Accelerating investments in organization, technology, and partnerships to maintain leading position in a growing market
- Strengthening the organization with >100 new employees in 2021
- Strengthening Nel Group management, solid experience from large, industrial companies:
  - Caroline Duyckaerts, Chief HR officer, comes from position as head of HR for one of Hydro’s divisions
  - Jørn Rosenlund, Chief Strategy Officer, transitions into new CSO role from previous position as SVP Fueling at Nel
  - Robert Borin, SVP Fueling, has held several senior management positions in Vestas and Siemens
Q1 highlights & financial review
Q1 highlights

Financial results and financing

Revenues
NOK 157 million
Up 24% from NOK 127 million in Q1 2020

EBITDA
NOK -74 million
Decreased from Q1 2020

Order backlog
NOK 1085 million
Up 83% compared to same quarter last year (Q1 2020)

Cash balance
NOK ~3.2 billion
Successful capital raise of NOK 1,225 million, supports Nel's leading position and accelerated investments in organization and technology

Key developments

- Launch of 1.5 USD/kg target for green renewable hydrogen
- Approval of 20 MW electrolyser contract for Everfuel
- Awarded Iberdrola contract for 20 MW green fertilizer project
- Launched MC250 and MC500 containerized PEM electrolysers
- PO for four H2Station™ hydrogen fueling stations from Iwatani Corp. of America
- MoU with Haldor Topsoe for delivery of end-to-end green ammonia and methanol solutions

Subsequent events

- PO from HTEC for one H2Station™ hydrogen fueling station to operate in Quebec, Canada
- Frame agreements with EPC companies Wood and Aibel to develop and execute large scale, complex hydrogen projects
- Collaboration with First Solar to develop integrated PV-hydrogen power plants
- PO for 2 MW PEM electrolyser from H2Energy
### Financial highlights

<table>
<thead>
<tr>
<th>(NOK million)</th>
<th>2021 Q1</th>
<th>2020 Q1</th>
<th>2020</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating revenue</td>
<td>156.9</td>
<td>126.5</td>
<td>651.9</td>
<td>569.7</td>
<td>489.0</td>
</tr>
<tr>
<td>Total operating expenses</td>
<td>255.0</td>
<td>213.4</td>
<td>1 066.4</td>
<td>823.3</td>
<td>685.1</td>
</tr>
<tr>
<td>EBITDA</td>
<td>-74.3</td>
<td>-64.6</td>
<td>-251.5</td>
<td>-178.1</td>
<td>-131.6</td>
</tr>
<tr>
<td>EBIT</td>
<td>-98.2</td>
<td>-86.9</td>
<td>-414.5</td>
<td>-253.6</td>
<td>-196.1</td>
</tr>
<tr>
<td>Pre-tax income (loss)*</td>
<td>-579.9</td>
<td>-5.2</td>
<td>1 245.5</td>
<td>-277.2</td>
<td>-197.5</td>
</tr>
<tr>
<td>Net income (loss)*</td>
<td>-578.1</td>
<td>-3.2</td>
<td>1 261.9</td>
<td>-269.7</td>
<td>-188.8</td>
</tr>
<tr>
<td>Net cash flow from operating activities</td>
<td>-184.6</td>
<td>-4.7</td>
<td>-215.9</td>
<td>-199.7</td>
<td>-142.8</td>
</tr>
<tr>
<td>Cash balance at end of period</td>
<td>3 247.8</td>
<td>1 221.4</td>
<td>2 332.9</td>
<td>526.0</td>
<td>349.7</td>
</tr>
</tbody>
</table>

- Q1 2021 includes a negative fair value adjustment of the shareholding in Nikola Corporation of NOK -13.1 million (a value of USD 13.89 per share as of March 31, 2021). The fair value adjustment was NOK 8.6 million in the first quarter 2020. 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.

- Q1 2021 includes a negative fair value adjustment of the shareholding in Everfuel of NOK -465.6 million (a value of NOK 87.33 per share as of March 31, 2021). The fair value adjustment was NOK 0.0 in the first quarter 2020. The Everfuel shares are subject to a lock-up expiring on October 29, 2021. A NOK 10 increase/reduction in share price of Everfuel will lead to gains/losses of about NOK 120 million.
Q1 EBITDA and operating earnings

- EBITDA negatively 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
  - Ramp-up of Herøya organization in connection with the expansion
  - 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:
  - 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 also in Q2
Solid backlog

Order backlog by quarter
NOK million

Solid order backlog

- Backlog increased sequentially by ~11% in Q1 2021
- 83% growth YoY
- Strong pipeline across segments and industries
- Order intake is expected to vary between quarters as order size increases
Delivering on partnership strategy
Demonstrating our position as a preferred partner

- A firm partnership strategy remains key to success as hydrogen projects are growing in size and complexity.
- Long-term commitment to trusted partners across the value chain, with specialist competence in key segments and geographies.
- Enter partnerships to strengthen competitiveness to deliver efficient, cost competitive, and reliable, large-scale projects to customers.
$1.50/kg

Nel green hydrogen cost target by 2025

Assumptions: Nel analysis based on electricity of $20/MWh, >8% cost of capital, cost of land, civil works, installation, commissioning, building water etc., lifetime 20 years incl. O&M cost, at 30 bar
Capacity expansion at Herøya on track

- Fully automated and designed according to lean manufacturing and industry 4.0 principles
- Industrial scale production of most efficient electrolysers in the market, at a **game-changing cost**
- Large scale production line improvements identified, name plate capacity of ~**500 MW**
- Room to expand to ~**2 GW** annually
- CO₂ reduction potential in line 1 (pilot) of **1,000,000 tonnes** – with 2 GW, **4-5 million tonnes**

**Test production in new line and start of ramp-up Q3 2021 – on track:**
- 33,000 manhours completed
- Installation of production line commenced
- Good results from verification of technology improvements
- No HSE incidents
Standardization to improve cost and reduce delivery-time

- Building independent
- All main components as skids
- All hydrogen safety standards imbedded
- Safe work zones and walkways
- Pre-fabricated pipe rack
- Stacks arriving on skids preassembled
Strategic EPC partners enables complete large-scale solutions globally

**PARTNERSHIP STRATEGY**

- Benefit from joint development over time and common targets and KPIs
- Building execution muscle
- Standardized turn-key solutions
- Single-purpose vehicle
- Multi discipline engineering and fabrication
- Develop supply chain and frame contracts
- Project execution resources and processes
- EPC partners can support execution also on Nel scope

### Nel scope

<table>
<thead>
<tr>
<th>Electrolyser system design</th>
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</thead>
<tbody>
<tr>
<td>Controls and safeguards</td>
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<tr>
<td>Electrolyser stack</td>
</tr>
<tr>
<td>Power electronics, gas, and electrolyte handling</td>
</tr>
<tr>
<td>Installation support and commissioning</td>
</tr>
</tbody>
</table>

### EPC scope

<table>
<thead>
<tr>
<th>Civil works, building</th>
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</thead>
<tbody>
<tr>
<td>Site infrastructure and utilities</td>
</tr>
<tr>
<td>Project management and execution</td>
</tr>
<tr>
<td>Piping, cabling</td>
</tr>
<tr>
<td>Installation and construction</td>
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</tbody>
</table>
Partnership with Wood to develop and execute large-scale, complex hydrogen projects

- Global footprint with offices in 60 countries and 40,000 employees worldwide
- A global leader in consulting and engineering across the energy industry
- Providing consulting, projects, and operations solutions
- Global engineering and project implementation capabilities to support partners like Nel
PARTNERSHIP STRATEGY

Partnership with Aibel to develop and execute large-scale, complex hydrogen projects

• Leading service company within the oil, gas, and offshore wind industries

• 4,000 employees located in Norway and Southeast Asia

• Operates yards in Haugesund and Thailand for prefabrication and modularization

• Deliver engineering, construction, modifications, and maintenance solutions
Partnerships with major EPC companies Aibel and Wood to strengthen Nel’s global delivery and project execution capabilities

- Long-term framework agreements to jointly develop and deliver large scale, renewable hydrogen projects
- Strengthen Nel’s global delivery capability and project execution muscle
- Preferred partners covering multiple geographies and disciplines
  - Experience from large, complex projects worldwide
  - Strong project management and execution capabilities
  - In-house construction expertise and experience in fabrication and modularization
Establishing partnerships to deliver across the entire green hydrogen value chain

**Electricity production**
- Solar
- Wind

**Hydrogen production**
- Electrolysers

**H2Station™**
- nel

**Fuel Cell Electric Vehicle**

**Industrial applications**

**Power-to-X**

**Partnership strategy**
- Facilitate optimal direct connection to renewable energy sources
- Deliver outside Nel scope (EPC scope, civil and ground works, utilities and installation)
- Support standardization
- Increase geographical reach
- Optimize and market total solutions from Nel and technology providers to deliver various use cases and end-to-end products
Joining forces with Haldor Topsøe for delivery of end-to-end green ammonia and methanol solutions

- Signed MoU with intent to offer customers end-to-end green ammonia and methanol solutions
- Delivery of complete solutions to customers, based on demonstrated technologies available today
  - Nel to offer alkaline and PEM electrolysis technology, proprietary hardware, and subsystem engineering
  - Haldor Topsøe to supply engineering, proprietary hardware, catalyst, and technical service for methanol and ammonia technologies
- Total offering of basic engineering, license and process guarantee in one package
PARTNERSHIP STRATEGY

Collaboration with First Solar to develop integrated PV-hydrogen power plants

- Collaboration to develop an integrated power plant control and SCADA system
- Network architecture to enable optimization of PV-electrolyser hybrid projects
  - Resulting in lowest total cost of hydrogen and electricity
- Combination of proprietary technology
  - First Solar designs, manufactures, and market solar PV modules
  - Nel develops and manufactures Alkaline and PEM electrolysers for onsite hydrogen generation
Other key developments
Approval of 20 MW electrolyser contract for green hydrogen production for Everfuel A/S

- Nel awarded a 20 MW electrolyser contract for the green hydrogen production facility adjacent to the Federica refinery
- The facility will have a production capacity of up to 8 tonnes per day, based on renewable wind power
- The contract was approved by the Board of Directors in January 2021 and has a value of EUR 7.2 million
Signed agreement with Iberdrola for the supply of 20 MW PEM to support green fertilizer project in Spain

- Iberdrola, one of the largest electricity utilities in the world, has, together with world-leading fertilizer manufacturer Fertiberia, launched a project to establish the largest green hydrogen plant in Europe
  - Project includes 100 MW photovoltaic plant, a 20 MWh battery and a 20 MW electrolyser
  - Will use hydrogen to produce green fertilizer commencing in 2021
  - Purchase order value of EUR 13.5 million
KEY DEVELOPMENTS

Order for four additional H2Stations™ modules from Iwatani

- Purchase order for four additional H2Station™ modules
- Value in excess of NOK 40 million
- For fueling of light-duty vehicles in California
- Additional order to the 14 H2Station™ modules ordered from Iwatani in 2020 with value in excess of NOK 150 million
KEY DEVELOPMENTS

Purchase order for 2 MW PEM electrolyser from H2 Energy

- Nel received purchase order for a 2 MW fully containerized MC400 electrolyser from H2Energy
- The electrolyser is the second system to be delivered as part of the green hydrogen infrastructure network that is supplying hydrogen to the first 46 Hyundai trucks already operating in Switzerland
- Total of 1,600 hydrogen trucks to be deployed
- The system will be filling 350 barg trailers directly at site to dispatch the hydrogen to the Hydrospider fueling stations network in Switzerland
Summary and outlook
Sustainability at the core

**Vision:** Empowering generations with clean energy forever

**EU Taxonomy – Positive outlook for Nel’s integration of sustainability**

- Nel’s business activities deemed to be “substantially contributing to climate change mitigation” and therefore classified similarly to renewable energy – indicating a positive outlook for compliance
- Important enabler for accessing funding for customers’ projects

**2020 Sustainability report**
In accordance with GRI standards, supplemented by considerations found in TCFD and Euronext, focusing on three of UN’s SDG

**Launch of Sustainability hub**
Check out nelhydrogen.com/sustainability/ to learn more about how sustainability is incorporated into strategic decision-making processes
SUMMARY AND OUTLOOK

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

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

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

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

>100 new employees in 2021
The 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

Scalability and cost leadership
• First to announce ambition to deliver green hydrogen cost target of $1.5/kg by 2025, reaching fossil parity
• In process of installing a ~500 MW electrolyser production capacity in Norway, 5 times the 2019 global market
• Will add capacity when required by the market

Independent player with strong partnership strategy
• Global delivery and execution capabilities for large-scale, complex projects
• Partnerships for development of complete applications for end-users
• Preferred partner across the green hydrogen value chain
Q&A

number one by nature