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Nel ASA

Q1 2022 report

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Nel in brief

Nel is a leading pure play hydrogen technology company with a global footprint, developing optimal solutions to produce, store and distribute hydrogen from renewable energy.

We have a proud history of technology improvement that dates back to 1927. Our hydrogen solutions address the zero-emission strategies of some of the world's most energy-intensive industries: cement, steel and fertilizer production. In addition, we deliver fueling systems that provide fuel cell electric vehicles with the same fast fueling and long driving range as fossil-fuelled vehicles - without emissions. Nel is headquartered in Oslo, Norway and listed on the Oslo Stock Exchange under the ticker "NEL".

Nel vision is empowering generations with clean energy forever and our mission is to unlock the potential of renewables and enable global decarbonization.

Nel Hydrogen Electrolyser

Nel Hydrogen Electrolyser is the world's largest electrolyser manufacturer, offering alkaline and PEM (proton exchange membrane) technology. The company's roots date to 1927, developing large-scale electrolyser plants and providing renewable hydrogen for use in ammonia production with fertiliser as the end-product. Nel's electrolyser technology has been delivered across the world and has set the industry standard for performance and total cost of ownership.

Historically, hydrogen has been used as an input factor for a broad spectrum of industrial applications and products, such as ammonia, refineries, methanol, edible oil, chemicals, metallurgy, glass, electronics, generator cooling, and polysilicon used in photovoltaic solar panels.

Today, around 1% of the global supply of hydrogen is generated via water electrolysis. The other 99% is primarily produced from natural gas via steam methane reforming. Electrolysis is expected to grow in market share, mainly driven by the decreasing cost of renewable energy, increased share of intermittent (wind and solar) energy, decreasing cost of electrolyzers, and an increasing focus on climate change and global decarbonization. The overall hydrogen market is also expected to grow significantly in the coming years, with hydrogen being used as a zero-emission fuel for mobility and as a way of decarbonising various industrial sectors

like the replacement of coal in the metal industry, and other hard-to-decarbonise sectors.

The electrolyser business area has manufacturing facilities in Herøya, Norway, and in Wallingford, Connecticut, USA.

Nel Hydrogen Fueling

Nel Hydrogen Fueling is a leading manufacturer of hydrogen fueling stations that provide FCEVs (Fuel Cell Electric Vehicles) with the same fast fueling and long range as conventional fossil fuel vehicles. Nel began manufacturing hydrogen fueling stations in 2003 and have invested significantly in R&D. Today, Nel is one of the global leaders on hydrogen fueling stations for mobility applications. The H2Station™ technology is now being utilized daily in several European countries as well as in South Korea and California, US, providing hydrogen to forklifts, passenger vehicles, buses and trucks, driving the transition to zero emission mobility.

Nel was among the first to achieve compliance with the international hydrogen fueling standard (SAE J2601) required by major car manufacturers. With the H2Station™ technology, Nel's ambition is to maintain the position as a preferred supplier for international hydrogen fueling infrastructure operators. Nel's H2Station™ manufacturing plant is located in Herning, Denmark.

Highlights

- Nel ASA (Nel) reported revenue and operating income in the first quarter 2022 of NOK 213 million, up 36% from the first quarter 2021 (Q1 2021: 157).
- Order intake this quarter of NOK 283 million (Q1 2021: 263). At quarter end, Nel reported the highest ever order backlog of NOK 1 289 million, up 19% from the first quarter 2021 (up 5% compared to the fourth quarter 2021).
- EBITDA of NOK -152 million (Q1 2021: -74).
- Strong cash balance of NOK 3 940 million (Q1 2021: 3 248) following a successful private placement during the quarter which raised NOK 1 500 million in gross proceeds.
- Ramp-up of production at the new 500 MW line at the Herøya facility continued successfully and the first electrolyser systems were delivered during the quarter.
- Nel appointed Håkon Volldal as new Chief Executive Officer from July 1, 2022.
- Subsequent to the quarter, Nel has decided to secure long-lead items for a new 500 MW alkaline production line. Location in Europe to be decided.

Key figures

| (amounts in NOK million) | Q1 2022 | Q1 2021 | 2021 |
|---|---------|---------|--------|
| Revenue and operating income | 213 | 157 | 798 |
| Operating expenses | 400 | 255 | 1 381 |
| EBITDA | -152 | -74 | -475 |
| Operating loss | -187 | -98 | -583 |
| Pre-tax income (loss) ¹⁾ | 82 | -580 | -1 684 |
| Net income (loss) ¹⁾ | 84 | -578 | -1 667 |
| Net cash flow from operating activities | -159 | -185 | -449 |
| Cash balance end of period | 3 940 | 3 248 | 2 723 |
| Order intake | 283 | 263 | 967 |
| Order backlog | 1 289 | 1 085 | 1 230 |

1) Pre-tax income (loss) and Net income (loss) includes fair value adjustment of shareholdings in Everfuel A/S, Nikola Corporation and Hyon AS. Refer to note 6 for detailed information.

Key press releases during the quarter and subsequent events

Nel Hydrogen Electrolyser

Electrolyser received purchase orders for:

- Multiple PEM electrolysers from an innovation leader in sustainable food production. Value approximately USD 5 million.
- Containerized electrolyser and hydrogen fueling equipment in the US. Value approximately USD 5 million.
- An alkaline electrolyser system for Solar Foods in Finland. Value approximately EUR 2 million.
- An alkaline electrolyser in Europe that will be used for multiple clients. Value approximately EUR 3 million
- Official opening of the first 500 MW line at the Herøya facility on April 20, 2022.

Nel Hydrogen Fueling

Fueling received purchase orders for:

- Several H2Station™ modules in Paris, France, fuelling the worlds largest fleet of hydrogen taxis.
- One H2Station™ hydrogen fueling module from HTEC in Canada. Value approximately USD 1.5 million.
- Hydrogen fueling equipment from Biproraf in Poland
- Two H2Station™ fueling systems from a European client. Value approximately EUR 3 million.

The complete list of press releases is available at Nel's web site

[Press releases | Nel Hydrogen](#)

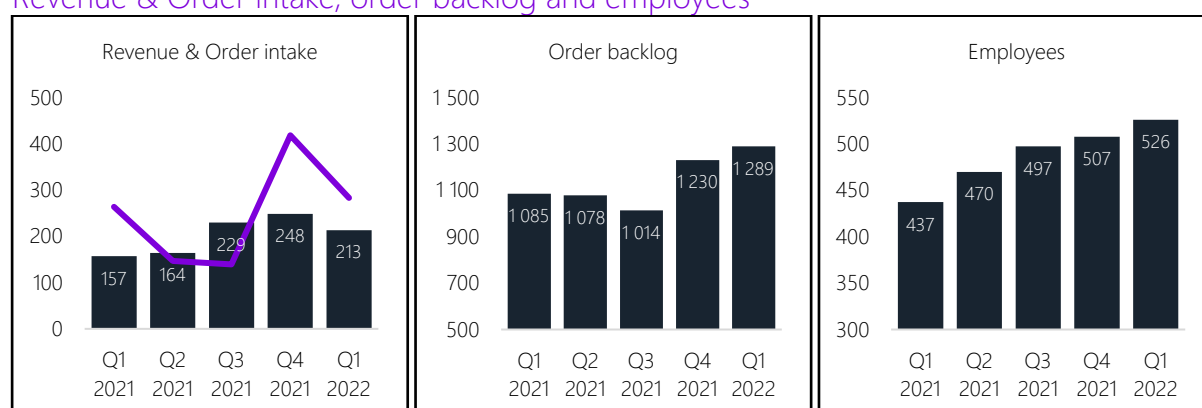
Financial development

Group

Key figures

| (amounts in NOK million) | Q1 2022 | Q1 2021 | Change | 2021 |
|------------------------------|---------|---------|--------|-------|
| Revenue and operating income | 213 | 157 | 36% | 798 |
| Operating expenses | 400 | 255 | 55% | 1 381 |
| EBITDA | -152 | -74 | | -475 |
| Order intake | 283 | 263 | 7% | 967 |
| Order backlog | 1 289 | 1 085 | 19% | 1 230 |
| Employees | 526 | 437 | 20% | 507 |
| Total assets | 7 565 | 6 780 | 12% | 6 007 |

Revenue & Order intake, order backlog and employees



Despite the lower revenue in Fueling, Nel reported strong increase in revenue and operating income compared to the same quarter last year as Nel started to deliver electrolyser systems from the new Herøya manufacturing facility in Norway.

Nel continued to build the organization in line with its strategic decision to pursue growth and higher activity levels leading to a continuous increase in the number of project and production related employees. Personnel expenses increased by 55% compared to the same quarter in 2021. The employees added are experienced project, production and technology personnel.

EBITDA decreased from same quarter last year. In addition to the higher personnel expenses the negative EBITDA was impacted by increasing pricing pressure and supply chain challenges leading to increased raw materials expenses and somewhat delayed deliveries. Across all divisions, the operating results are negatively impacted by customer projects including new geographies, customer segments, technological components and/or products leading to additional costs and increased risk.

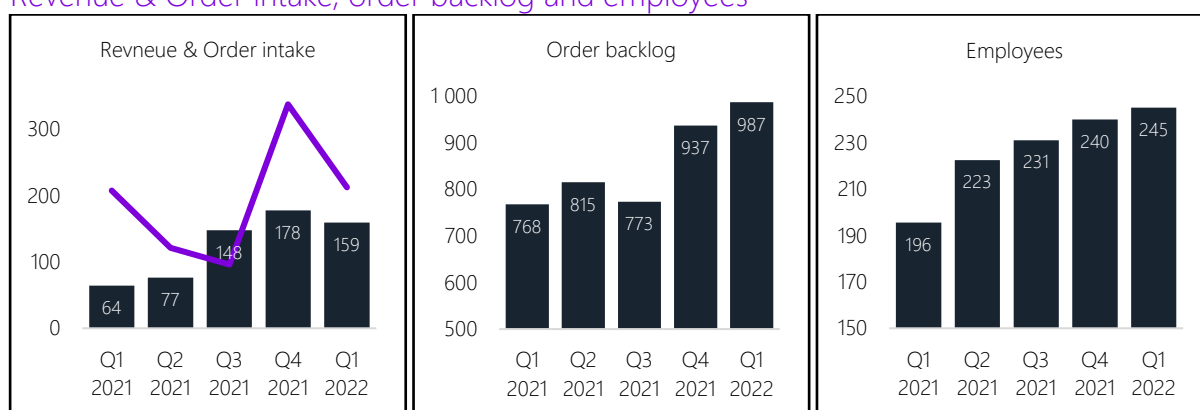
Total assets increased 12% compared to same quarter last year and the increase is mainly related to the share capital increase in March which raised NOK 1 500 million in gross proceeds, and by increase in fair value of equity instruments and operating loss.

Nel Hydrogen Electrolyser

Key figures

| (amounts in NOK million) | Q1 2022 | Q1 2021 | Change | 2021 |
|------------------------------|---------|---------|--------|-------|
| Revenue and operating income | 159 | 64 | 147% | 466 |
| Operating expenses | 240 | 105 | 129% | 737 |
| EBITDA | -60 | -27 | | -210 |
| Order intake | 213 | 208 | 2% | 763 |
| Order backlog | 987 | 768 | 29% | 937 |
| Employees | 245 | 196 | 25% | 240 |
| Total assets | 1 906 | 1 418 | 34% | 1 842 |

Revenue & Order intake, order backlog and employees



Nel Hydrogen Electrolyser reported a strong increase of 147% in revenue and operating income compared to the same quarter in 2021. During the quarter the first deliveries of electrolyser systems were made from the new manufacturing facility at Herøya in Norway. Revenues in Norway from sales of alkaline electrolysers were record-high in the quarter, while sales of PEM electrolysers from the US increased 54% from first quarter 2021.

EBITDA decreased from the first quarter of 2021. The positive contribution from higher revenues was more than offset by negative impact from ramp-up activities including higher personnel expenses, increase in raw material prices, supply chain challenges and lower margins.

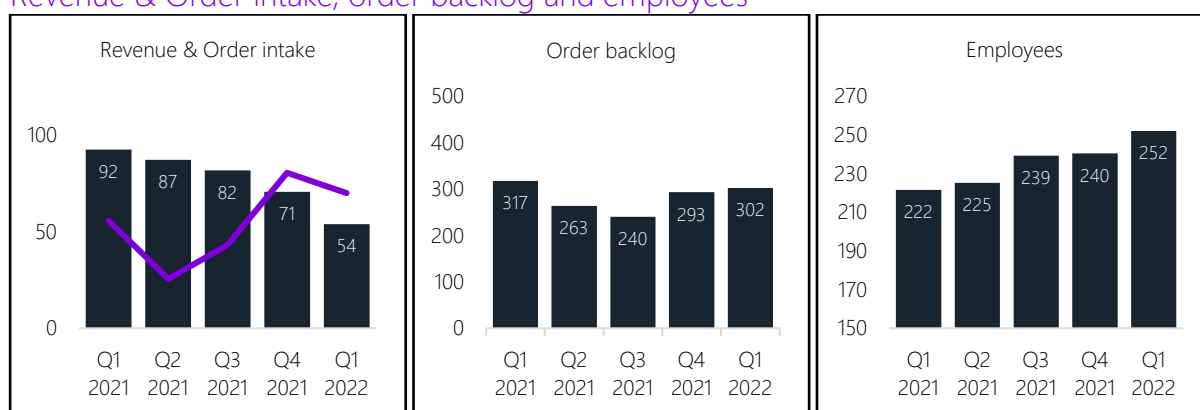
Nel has expanded electrolyser production to accommodate large-scale projects by constructing a 500 MW fully automated manufacturing facility at Herøya, Norway. The factory represents the first industrial-scale production of the most efficient electrolysers on the market. The automated production technology at Herøya is a key component for cost reductions to reach the target to produce green hydrogen at USD 1.5 per kilo by 2025. The manufacturing facility at Herøya can be expanded to 2 000 MW. In the quarter the project was completed, and production ramped up focusing on tuning the line and verifying the high product quality. Nel is ready to continue to increase its electrolyser production capacity to meet the global raised ambitions for renewable hydrogen.

Nel Hydrogen Fueling

Key figures

| (amounts in NOK million) | Q1 2022 | Q1 2021 | Change | 2021 |
|------------------------------|---------|---------|--------|-------|
| Revenue and operating income | 54 | 92 | -42% | 332 |
| Operating expenses | 126 | 131 | -4% | 541 |
| EBITDA | -60 | -30 | | -169 |
| Order intake | 70 | 56 | 26% | 205 |
| Order backlog | 302 | 317 | -5% | 293 |
| Employees | 252 | 222 | 14% | 240 |
| Total assets | 980 | 926 | 6% | 1 038 |

Revenue & Order intake, order backlog and employees



Nel Hydrogen Fueling reported a decrease in revenue and operating income driven by a lower number of fueling stations modules delivered compared to first quarter 2021. Order intake has been lower than revenues during 2021, leading to falling revenues over the last few quarters. Nel is shifting focus from individual station orders to large multi-station contracts. Owing to the increased financial commitment and requirements, this is likely to lead to a more uneven order intake and will require a longer and more resource-intensive negotiation period.

EBITDA decreased compared to the same quarter last year. Lower revenues and margins had a negative impact and in addition higher personnel expenses resulting from 14% increase in the number of employees contributed to the decline.

There has been a large increase in the utilisation of many of the Nel stations installed, enabling accelerated learnings and improvements both within product maturity and overall reliability. Fueling a hydrogen vehicle needs to be as easy and reliable as fueling a gasoline or diesel vehicle. A hydrogen fueling station is a complex and relatively new technology and the hydrogen industry, including Nel, is still working to mature the technology as well as investing in service and maintenance, robustness and reliability. Nel will continue to incur costs related to these activities.

Finance

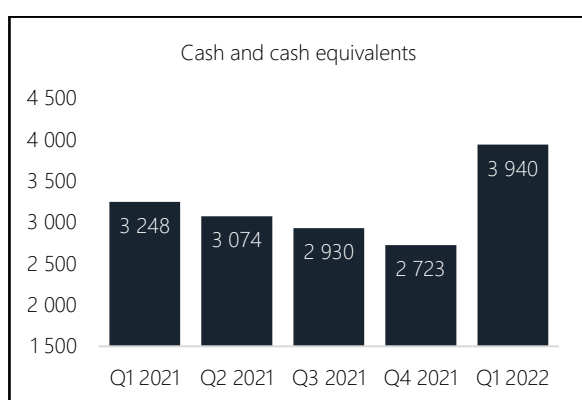
| (amounts in NOK million) | Q1 2022 | Q1 2021 | 2021 |
|---|------------|-------------|---------------|
| Finance income | | | |
| Interest income | 9 | 4 | 20 |
| Change in fair value financial instruments | 270 | 3 | 8 |
| Other | 0 | 1 | 1 |
| Interest income and other finance income | 279 | 8 | 28 |
| Finance costs | | | |
| Interest expense | -3 | -2 | -10 |
| Capitalised interest | 0 | 1 | 6 |
| Net foreign exchange gain (loss) | -8 | -10 | -4 |
| Change in fair value financial instruments | 0 | -479 | -1 121 |
| Other | 0 | 0 | -1 |
| Interest expense and other finance costs | -10 | -490 | -1 129 |
| Net finance income (cost) | 268 | -482 | -1 101 |

Nel reported finance income of NOK 279 million in the first quarter 2022, mainly consisting of interest income 9 million (4) from cash and cash equivalents and positive change in fair value of financial instruments, which mainly comprise change in fair value of shareholdings of NOK 268 million (0).

Finance costs in the first quarter 2022 was NOK -10 million compared to -490 million in first quarter 2021. The decrease in finance cost compared with first quarter 2021 is mainly due to same quarter last year had a negative change in fair value of Nel's shareholding in Everfuel and Nikola Corporation of NOK -466 million and -13 million, respectively. First quarter 2022 includes NOK -6 million (-10) in unrealised currency exchange gain (loss) resulting from revaluing internal loans.

Cash

| (amounts in NOK million) | Q1 2022 | Q1 2021 | Change | 2021 |
|--|--------------|--------------|------------|--------------|
| Net cash flow from operating activities | -159 | -185 | 14% | -449 |
| Net cash flow from investing activities | -105 | -105 | 0% | -374 |
| Net cash flow from financing activities | 1 482 | 1 205 | 23% | 1 216 |
| Foreign currency effects on cash | 0 | -1 | | -3 |
| Net change in cash and cash equivalents | 1 217 | 915 | 33% | 390 |
| Cash and cash equivalents beginning of period | 2 723 | 2 333 | | 2 333 |
| Cash and cash equivalents | 3 940 | 3 248 | | 2 723 |



Cash flow from operating activities are negative as Nel is pursuing its strategy and the organisation continues to grow faster than revenues. Change in net working capital reduced cash by NOK -11 million (-110) in the quarter as both inventories and trade receivables increased more than current liabilities.

The investing activities in the first quarter 2022 include NOK 54 million (37) in increased restricted bank deposits and collateral for bank guarantees with a maturity longer than three months at the date of purchase. The purchase of property, plant and equipment totalling NOK 22 million (35) in the quarter. Other investment activities include capitalised internal development of next generation fueling stations and electrolysers, total of NOK 29 million (32) this quarter.

Finance activities are positively impacted this quarter by a successful private placement in Nel on March 23, 2022, raising NOK 1 500 million in gross proceeds.

Foreign currency effect on cash is low and limited as Nel hold a significant portion of cash in NOK which is also the presentation currency of Nel.

Risks and uncertainty

Nel is exposed to risk and uncertainty factors, which may affect some or all the group's activities. Nel is exposed to operational, financial, market and climate-related risk. There are no significant changes in the risks and uncertainty factors described in our Annual Report 2021.

Outlook

Nel aims to capitalize on the developing opportunities within the hydrogen industry. Nel sees a rapidly increasing pipeline of opportunities. External and internal analyses support a market view that multiple gigawatts of electrolyser projects will reach final investment decision before 2025. Within electrolysers, the immediate opportunities are highest within industrial applications. Projects will likely come first in mature markets near large hydrogen consumers, before large greenfield installations integrated with renewables gradually becoming the leading market segment. The increasing size of projects leads to a longer preparation and negotiation phase with significant paid and unpaid engineering work. For fueling applications, the market is shifting from individual station orders to larger framework contracts.

By leveraging our position as a technology front-runner, with a continued high focus on safety, global presence, cost leadership, strong financing and preferred-partner status for industry participants, we look forward to a future hydrogen landscape where Nel remains an important global player.

To maintain and strengthen our leading position in the growing market for hydrogen applications, Nel will continue to invest to build scale and to develop the organization, and our fueling, alkaline and PEM technology platforms. By building sufficient and flexible capacity to accommodate multi-billion NOK orders, we intend to meet the accelerating demand for industrial and infrastructure applications of our products globally. Further organizational growth will be closely linked to increased order intake and tender activity.

As communicated before, competition is intensifying as Nel and others are ramping up production capacity. In addition, Nel continues to be negatively impacted by disruptions in the value chain due to the Covid-pandemic, the war in Ukraine and the consequences of increase in the raw material costs. In combination, all of this is putting pressure on the margins and will continue to do so in the medium term.

Over time, Nel expects that increasing revenues will support cost reduction and scale effects leading to profitability. Our counterparties expect that Nel will be a financially strong and stable counterparty and partner as the global hydrogen market continues to expand, and contracts continue grow in size, scope and complexity.

Oslo, 11 May 2022

The Board of Directors

Ole Enger
Chair
(Electronically signed)

Beatriz Malo de Molina
Board member
(Electronically signed)

Charlotta Falvin
Board member
(Electronically signed)

Finn Jebsen
Board member
(Electronically signed)

Hanne Blume
Board member
(Electronically signed)

Tom Røtjær
Board member
(Electronically signed)

Jon André Løkke
CEO
(Electronically signed)

Condensed interim financial statements

Consolidated statement of comprehensive income (unaudited)

| (amounts in NOK thousands) | Note | Q1 2022 | Q1 2021 | 2021 |
|--|----------|-----------------|-----------------|-------------------|
| Revenue and operating income | | | | |
| Revenue from contracts with customers | | 197 297 | 145 247 | 753 096 |
| Other operating income | | 15 841 | 11 609 | 44 905 |
| Total revenue and operating income | 3 | 213 138 | 156 856 | 798 001 |
| Operating expenses | | | | |
| Raw materials | | 144 617 | 82 233 | 551 695 |
| Personnel expenses | | 150 972 | 94 360 | 472 010 |
| Depreciation, amortisation and impairment | 4, 5 | 34 187 | 23 843 | 107 616 |
| Other operating expenses | | 69 971 | 54 570 | 249 533 |
| Total operating expenses | | 399 747 | 255 007 | 1 380 854 |
| Operating loss | | -186 609 | -98 151 | -582 853 |
| Finance income | 6 | 278 921 | 7 749 | 28 276 |
| Finance cost | 6 | -10 461 | -489 502 | -1 129 224 |
| Share of loss from associates and joint ventures | | 0 | 0 | -35 |
| Net financial items | | 268 460 | -481 753 | -1 100 983 |
| Pre-tax income (loss) | | 81 851 | -579 904 | -1 683 836 |
| Tax expense (income) | | -1 892 | -1 840 | -16 984 |
| Net income (loss) | | 83 743 | -578 064 | -1 666 852 |
| Items that are or may subsequently be reclassified to income statement: | | | | |
| Currency translation differences | | -15 461 | -16 203 | -7 108 |
| Cash flow hedges, effective portion of changes in fair value | | 3 794 | -3 901 | -3 086 |
| Cash flow hedges, reclassified | | -2 944 | -482 | -3 244 |
| Other comprehensive income | | -14 611 | -20 585 | -13 438 |
| Total comprehensive income | | 69 132 | -598 649 | -1 680 290 |
| Basic EPS (figures in NOK) ¹⁾ | | 0.06 | -0.41 | -1.15 |
| Diluted EPS (figures in NOK) ¹⁾ | | 0.06 | -0.41 | -1.15 |
| Weighted average number of outstanding shares (million) | | 1 470 | 1 426 | 1 451 |

1) Basic and diluted earnings per share are computed using the weighted average number of ordinary shares outstanding.

The accompanying notes are an integral part of the condensed consolidated financial statements (unaudited).

Consolidated statement of financial position (unaudited)

| (amounts in NOK thousands) | Note | 31.03.2022 | 31.12.2021 |
|--------------------------------------|------|------------------|------------------|
| ASSETS | | | |
| Intangible assets | 4 | 1 139 579 | 1 144 144 |
| Property, plant and equipment | 5 | 633 895 | 623 514 |
| Other non-current assets | | 172 833 | 95 187 |
| Total non-current assets | | 1 946 307 | 1 862 845 |
| Inventories | | 345 454 | 328 465 |
| Trade receivables | | 228 874 | 211 408 |
| Contract assets | | 138 169 | 178 769 |
| Other current assets | 6 | 966 020 | 702 728 |
| Cash and cash equivalents | | 3 940 036 | 2 722 769 |
| Total current assets | | 5 618 553 | 4 144 139 |
| TOTAL ASSETS | | 7 564 860 | 6 006 984 |
| EQUITY AND LIABILITIES | | | |
| Shareholders' equity | | 6 598 443 | 5 038 705 |
| Total equity | | 6 598 443 | 5 038 705 |
| Deferred tax liability | | 46 258 | 48 543 |
| Long-term debt | | 21 808 | 23 191 |
| Lease liabilities | | 118 335 | 113 505 |
| Other non-current liabilities | | 73 607 | 77 989 |
| Total non-current liabilities | | 260 008 | 263 228 |
| Trade payables | | 117 062 | 132 962 |
| Lease liabilities | | 19 760 | 19 916 |
| Contract liabilities | | 378 657 | 360 821 |
| Other current liabilities | | 190 930 | 191 352 |
| Total current liabilities | | 706 409 | 705 051 |
| Total liabilities | | 966 417 | 968 279 |
| TOTAL EQUITY AND LIABILITIES | | 7 564 860 | 6 006 984 |

The accompanying notes are an integral part of the condensed consolidated financial statements (unaudited).

Consolidated statement of cash flows (unaudited)

| (amounts in NOK thousands) | Q1 2022 | Q1 2021 | 2021 |
|--|------------------|------------------|------------------|
| Cash flow from operating activities | | | |
| Pre-tax income (loss) ¹⁾ | 81 851 | -579 904 | -1 683 836 |
| Depreciation, amortisation and impairment | 34 187 | 23 843 | 107 616 |
| Change in net working capital | 18 909 | -110 021 | -5 719 |
| Other adjustments ²⁾ | -293 726 | 481 465 | 1 132 481 |
| Net cash flow from operating activities | -158 773 | -184 616 | -449 458 |
| Cash flow from investment activities | | | |
| Purchases of property, plant and equipment | -22 453 | -35 212 | -258 283 |
| Payments for capitalised technology | -29 143 | -31 592 | -118 870 |
| Purchases of other investments ³⁾ | -53 887 | -37 378 | -46 966 |
| Investments in other financial assets | 0 | 0 | -13 125 |
| Disposal of fixed assets | 0 | 0 | 26 056 |
| Investments in associates and joint ventures | 0 | -700 | -1 272 |
| Proceeds from sales of other investments ³⁾ | 0 | 0 | 38 844 |
| Net cash flow from investing activities | -105 483 | -104 882 | -373 616 |
| Cash flow from financing activities | | | |
| Interest paid ⁴⁾ | -2 616 | -968 | -3 678 |
| Gross cash flow from share issues | 1 500 000 | 1 225 125 | 1 255 103 |
| Transaction costs connected to share issues | -11 663 | -15 457 | -15 562 |
| Payment of lease liabilities | -3 210 | -3 073 | -15 467 |
| Payment of non-current liabilities | -751 | -456 | -4 464 |
| Net cash flow from financing activities | 1 481 760 | 1 205 171 | 1 215 932 |
| Foreign currency effects on cash | -237 | -725 | -2 943 |
| Net change in cash and cash equivalents | 1 217 267 | 914 948 | 389 915 |
| Cash and cash equivalents beginning of period | 2 722 769 | 2 332 854 | 2 332 854 |
| Cash and cash equivalents | 3 940 036 | 3 247 802 | 2 722 769 |

1) The first quarter 2022 includes interests received of NOK 9 million (4).

2) 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.

3) Other investments comprise restricted bank deposits and collateral for bank guarantees with a maturity longer than three months at the date of purchase.

4) Interest paid includes interest expense on lease liabilities.

Consolidated statement of changes in equity (unaudited)

| (amounts in NOK thousands) | Share capital | Share premium | Treasury shares | Other component of equity | Retained earnings | Total equity |
|----------------------------------|----------------|------------------|-----------------|---------------------------|-------------------|------------------|
| Equity as of 31.12.2020 | 281 559 | 4 367 306 | -79 | 82 029 | 737 501 | 5 468 316 |
| Net loss | | | | | -1 666 852 | -1 666 852 |
| Currency translation differences | | | | -7 108 | | -7 108 |
| Hedging reserve | | | | -6 330 | | -6 330 |
| Capital increase | 10 600 | 1 228 940 | | | | 1 239 541 |
| Options and share program | | 1 | -1 | | 9 485 | 9 485 |
| Other changes | | | | | 1 653 | 1 653 |
| Equity as of 31.12.2021 | 292 160 | 5 596 248 | -81 | 68 591 | -918 213 | 5 038 705 |
| Net Income | | | | | 83 743 | 83 743 |
| Currency translation differences | | | | -15 461 | | -15 461 |
| Hedging reserve | | | | 850 | | 850 |
| Capital increase | 19 608 | 1 468 729 | | | | 1 488 337 |
| Options and share program | | | | | 2 233 | 2 233 |
| Other changes | | | | | 36 | 36 |
| Equity as of 31.03.2022 | 311 768 | 7 064 977 | -81 | 53 980 | -832 201 | 6 598 443 |

Notes to the interim financial statements

Note 1 Organisation and basis for preparation

Corporate information

Nel is a global, dedicated hydrogen company, delivering optimal solutions to produce, store, and distribute hydrogen from renewable energy. We serve industries, energy, and gas companies with leading hydrogen technology. Our roots date back to 1927, and since then, we have had a proud history of development and continuous improvement of hydrogen technologies. Today, our solutions cover the entire value chain: from hydrogen production technologies to hydrogen fueling stations, enabling industries to transition to green hydrogen, and providing fuel cell electric vehicles with the same fast fueling and long range as fossil-fueled vehicles - without the emissions. The group has two divisions: Nel Hydrogen Electrolyser and Nel Hydrogen Fueling.

Nel (org. no 979 938 799) was formed in 1998 and is a Norwegian public limited company listed on the Oslo Stock Exchange. The group's head office is in Karenslyst allé 49, N-0278 Oslo, Norway.

Basis for preparation

The financial information is prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" (IAS 34). This financial information should be read together with the annual report for the year ended 31 December 2021 prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU).

The accounting policies adopted in the preparation of the condensed interim consolidated financial statements are consistent with those used in the preparation of the group's annual consolidated financial statements for the year ended 31 December 2021.

As a result of rounding differences, numbers or percentages may not add up to the total.

Note 2 Significant estimates, judgements and assumptions

The preparation of the interim financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities and disclosure of contingent liabilities at the date of the interim financial statements. If in the future such estimates and assumptions, which are based on management's best judgment at the date of the interim financial statements, deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate in the period in which the circumstances change.

In the process of applying the group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the condensed interim financial statements:

Judgements

- Revenue recognition
- Deferred tax asset
- Development costs
- Leases, incremental borrowing rates and lease terms

Assumptions and estimation uncertainty

- Revenue recognition
- Share-based payments
- Impairment of goodwill and intangible assets

The estimates and underlying assumptions are reviewed on an ongoing basis, considering the current and expected future market conditions. Changes in accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. Refer to the annual report of 2021 for more details related to key judgements and estimation.

Note 3 Segments

Nel identifies its reportable segments and discloses segment information under IFRS 8 Operating Segments. This standard requires Nel to identify its segments according to the organisation and reporting structure used by management. See Nel's Annual Report 2021 note 2.3 Segment information for a description of Nel's management model and segments, including a description of Nel's segment measures and accounting principles used for segment reporting.

The executive management group is the chief operating decision maker (CODM) and monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements. Nel operates within two operating segments, Nel Hydrogen Electrolyser and Nel Hydrogen Fueling. For more information on the segment's operation, see section 'Nel in brief' on page 2.

Billing of goods and services between operating segments are effected on an arm's length basis.

The following table includes information about Nel's operating segments.

| (amounts in NOK thousands) | Q1 2022 | Q1 2021 | Change |
|-------------------------------------|------------------|------------------|-------------|
| Revenue and operating income | | | |
| Nel Hydrogen Electrolyser | 159 236 | 64 477 | 147% |
| Nel Hydrogen Fueling | 53 902 | 92 379 | -42% |
| Total | 213 138 | 156 856 | 36% |
| EBITDA | | | |
| Nel Hydrogen Electrolyser | -59 926 | -26 754 | |
| Nel Hydrogen Fueling | -60 370 | -30 289 | |
| Corporate ¹⁾ | -32 126 | -17 265 | |
| Total | -152 422 | -74 308 | |
| Investments ²⁾ | | | |
| Nel Hydrogen Electrolyser | 42 344 | 49 402 | -14% |
| Nel Hydrogen Fueling | 9 252 | 17 403 | -47% |
| Total | 51 596 | 66 804 | -23% |
| Total assets ³⁾ | | | |
| Nel Hydrogen Electrolyser | 1 906 417 | 1 417 696 | 34% |
| Nel Hydrogen Fueling | 979 795 | 926 462 | 6% |
| Corporate | 4 678 648 | 4 435 922 | 5% |
| Total | 7 564 860 | 6 780 080 | 12% |

1) Corporate comprises parent company and other holding companies.

2) Investments comprise intangible assets, property, plant and equipment, associates and joint ventures and equity instruments.

3) Total assets per segment includes excess values on intangible assets derived from the consolidation of the financial statements.

Property, plant and equipment by geographical area

| (amounts in NOK thousands) | 31.03.2022 | 31.03.2021 | Change | 31.12.2021 | Change |
|----------------------------|----------------|----------------|------------|----------------|-----------|
| Norway | 480 741 | 238 887 | 101% | 461 994 | 4% |
| Denmark | 102 205 | 114 003 | -10% | 106 262 | -4% |
| USA | 45 946 | 48 170 | -5% | 49 919 | -8% |
| South Korea | 5 003 | 3 969 | 26% | 5 339 | -6% |
| Total | 633 895 | 405 029 | 57% | 623 514 | 2% |

Note 4 Intangible assets

| (amounts in NOK thousands) | Goodwill | Technology | Customer relationship | Total |
|--|----------------|----------------|-----------------------|------------------|
| Carrying value of 01.01.2022 | 615 184 | 496 579 | 32 381 | 1 144 144 |
| Additions | 0 | 29 143 | 0 | 29 143 |
| Amortisation | 0 | -14 801 | -3 133 | -17 934 |
| Currency translation differences | -10 091 | -5 501 | -182 | -15 774 |
| Carrying value as of 31.03.2022 | 605 093 | 505 420 | 29 066 | 1 139 579 |

Intangible assets are reviewed each quarter for impairment indicators, including market changes, technological development, order backlog and other changes that might potentially reduce the value of the assets. For goodwill, impairment tests are performed annually at year-end, and if impairment indicators are identified.

Goodwill is tested using the 'value in use' approach determined by discounting expected future cash flows. If the impairment test reveals that an asset's carrying amount is higher than its value in use, an impairment loss will be recognised.

Impairment tests are performed on three Cash Generating Units (CGUs). Goodwill and intangible assets are related to CGU Electrolyser Norway, CGU Electrolyser US and CGU Fueling.

Note 5 Property, plant and equipment

Property, plant and equipment comprise owned and leased assets

| (amounts in NOK thousands) | Land, buildings and equipment | Right-of-use assets | Total |
|--|-------------------------------|---------------------|----------------|
| Carrying value of 01.01.2022 | 512 316 | 111 198 | 619 982 |
| Additions | 22 453 | 9 277 | 31 730 |
| Remeasurements | 0 | 2 041 | 2 041 |
| Depreciation | -11 249 | -5 004 | -16 253 |
| Currency translation differences | -6 896 | -242 | -7 138 |
| Carrying value as of 31.03.2022 | 516 625 | 117 270 | 633 895 |

Note 6 Equity instruments

Nikola Corporation

| (Book value in NOK thousands) | Shareholding ¹⁾ | Fair value USD/per share | USD value ²⁾ | USD/NOK | Book value ³⁾ |
|--|----------------------------|-----------------------------|----------------------------|-------------|--------------------------|
| Carrying value of 01.01.2021 | 1 106 520 | 15.26 | 16 885 | 8.53 | 144 077 |
| Fair value adjustment 2021 | 0 | -5.39 | -5 964 | 0.29 | -47 757 |
| Carrying value of 01.01.2022 | 1 106 520 | 9.87 | 10 921 | 8.82 | 96 320 |
| Fair value adjustment Q1 2022 | 0 | 0.84 | 929 | -0.07 | 7 350 |
| Carrying value as of 31.03.2022 | 1 106 520 | 10.71 | 11 851 | 8.75 | 103 670 |

1) Nel received 1.106.520 shares in Nikola Corporation as share consideration, by converting shares in Nikola Motor Company Inc., following the listing of Nikola on Nasdaq on June 4, 2020

2) Acquisition cost of USD 5.0 million

3) 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.

Everfuel

| (Book value in NOK thousands) | Shareholding | Acquisition cost NOK/per share | Fair value NOK/per share | Book value ¹⁾ |
|--|-------------------|-----------------------------------|-----------------------------|--------------------------|
| Carrying value of 01.01.2021 | 12 338 624 | 0.91 | 125.00 | 1 542 328 |
| Private placement 21.01.2021 | 20 485 | 125.00 | | 2 561 |
| Fair value adjustment 2021 | | | -86.82 | -1 073 018 |
| Carrying value of 01.01.2022 | 12 359 109 | 1.12 | 38.18 | 471 871 |
| Fair value adjustment Q1 2022 | | | 19.12 | 236 306 |
| Carrying value as of 31.03.2022 | 12 359 109 | 1.12 | 57.30 | 708 177 |

1) On October 21, 2020, Everfuel A/S listed on Euronext Growth Oslo. Nel's shareholding before the initial public offering was 11 940 000.

2) A NOK 10 increase/reduction in share price of Everfuel A/S will lead to gains/losses of about NOK 120 million.

Hyon

| (Book value in NOK thousands) | Shareholding | Acquisition cost NOK/per share | Fair value NOK/per share | Book value ¹⁾ |
|--|------------------|-----------------------------------|-----------------------------|--------------------------|
| Carrying value of 01.01.2021 | 114 000 | 29.39 | | 0 |
| Capital increase | | | | 700 |
| Sale of shares | -114 000 | -29.39 | | -700 |
| Purchase of shares | 98 040 | 5.83 | | 572 |
| Stock split | 9 804 000 | 0.06 | | |
| Carrying value of 01.01.2022 | 9 804 000 | 0.06 | 0.06 | 572 |
| Fair value adjustment Q1 2022 | | | 2.52 | 24 722 |
| Carrying value as of 31.03.2022 | 9 804 000 | 0.06 | 2.58 | 25 294 |

1) On February 14, 2022, Hyon AS listed on Euronext Growth Oslo. Nel's shareholding before the initial public offering was 9 804 000.

2) The Hyon shares are subject to a lock-up expiring on January 21, 2023.

3) A NOK 1 increase/reduction in share price of Hyon AS will lead to gains/losses of about NOK 10 million.

Hyon was recognised as an equity-accounted investee in 2021.

Alternative Performance Measures

Nel discloses alternative performance measures (APMs) in addition to those normally required by IFRS. This is based on the group's experience that APMs are frequently used by analysts, investors and other parties as supplemental information.

The purpose of APMs is to provide an enhanced insight into the operations, financing and future prospect of the group. Management also uses these measures internally to drive performance in terms of monitoring operating performance and long-term target setting. APMs are adjusted IFRS measures that are defined, calculated and used in a consistent and transparent manner over the years and across the group where relevant.

Financial APMs should not be considered as a substitute for measures of performance in accordance with the IFRS.

Nel's financial APMs

EBITDA: is defined as earnings before interest, tax, depreciation, amortisation and impairment. EBITDA corresponds to operating profit/(loss) plus depreciation, amortisation and impairment.

EBITDA margin: is defined as EBITDA divided by revenue and other operating income.

Equity ratio: is defined as total equity divided by total assets.

Order intake: is defined as firm purchase orders with agreed price, volume, timing, terms and conditions entered within a given period. The order intake includes both contracts and change orders. For service contracts and contracts with uncertain transaction price, the order intake is based on estimated revenue. The measure does not include potential change orders.

Order backlog: is defined as firm purchase orders with agreed price, volume, timing, terms and conditions and where revenue is yet to be recognised.

Title:

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