



# Second Quarter 2022 Results Presentation

11 August 2022

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# Agenda

1. Nel in brief
2. Q2 highlights
3. Commercial developments
4. Political events
5. Summary and outlook
6. Q&A



This is Nel

Nel is a global, dedicated hydrogen technology company that delivers optimal solutions to produce, store and distribute hydrogen from renewable energy

We serve a range of different customers with leading hydrogen technologies and we continuously improve our product offering to maintain a leadership position and remain in the forefront of the development

# Leading pure play hydrogen technology company with a global footprint



Pure play hydrogen technology company listed on the Oslo Stock Exchange (NEL.OSE) since 2014



World's largest electrolyzer 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



Manufacturing facilities in Norway, the US, and Denmark



Global sales network and offices



543 Employees



Preferred partner with industry leaders



NOK 3.6 billion in cash reserves

## 2. Q2 2022 highlights

Q2 2022

# Highlights

## Financial results and financing

### Revenues

**NOK 183 million**

Up 12% from NOK 164 million in Q2 2021

### EBITDA

**NOK -197 million**

Decrease from -120 million in Q2 2021

### Order backlog

**NOK 1,439 million**

Up 33% vs. NOK 1,078 million Q2 2021

### Order intake

**NOK 236 million**

Up 61% vs. NOK 147 million in Q2 2021

### Cash balance

**NOK 3,646 million**

Up 19% from NOK 3,074 million in Q2 2021

## Key developments in Q2 2022

- Received purchase orders for:
  - An alkaline electrolyser from Glencore Nikkelverk in Norway. Value approx. EUR 3m
  - An alkaline electrolyser from a refinery in India. Value approx. EUR 2m
  - Two H2Station™ fueling systems from a European client. Value approx. EUR 3m
  - One H2Station™ hydrogen fueling module from HTEC in Canada. Value approx. USD 1.5m
  - Hydrogen fueling equipment from Biproraf in Poland. Undisclosed value
- Official opening of the Herøya facility
- Decided to secure long-lead items for a new 500 MW alkaline production line

## Subsequent events

- Record purchase order for 200 MW of alkaline stacks. Value approx. EUR 45m
- Received additional purchase orders for:
  - An alkaline electrolyser in Denmark from Skovgaard Energy. Value approx. EUR 4m
  - A PEM electrolyser in Australia from Viva Energy. Value approx. EUR 4m
  - Fueling equipment from a European client. Value approx. EUR 8m
- Final investment decision on a second 500 MW production line at Herøya taken

# Financial highlights

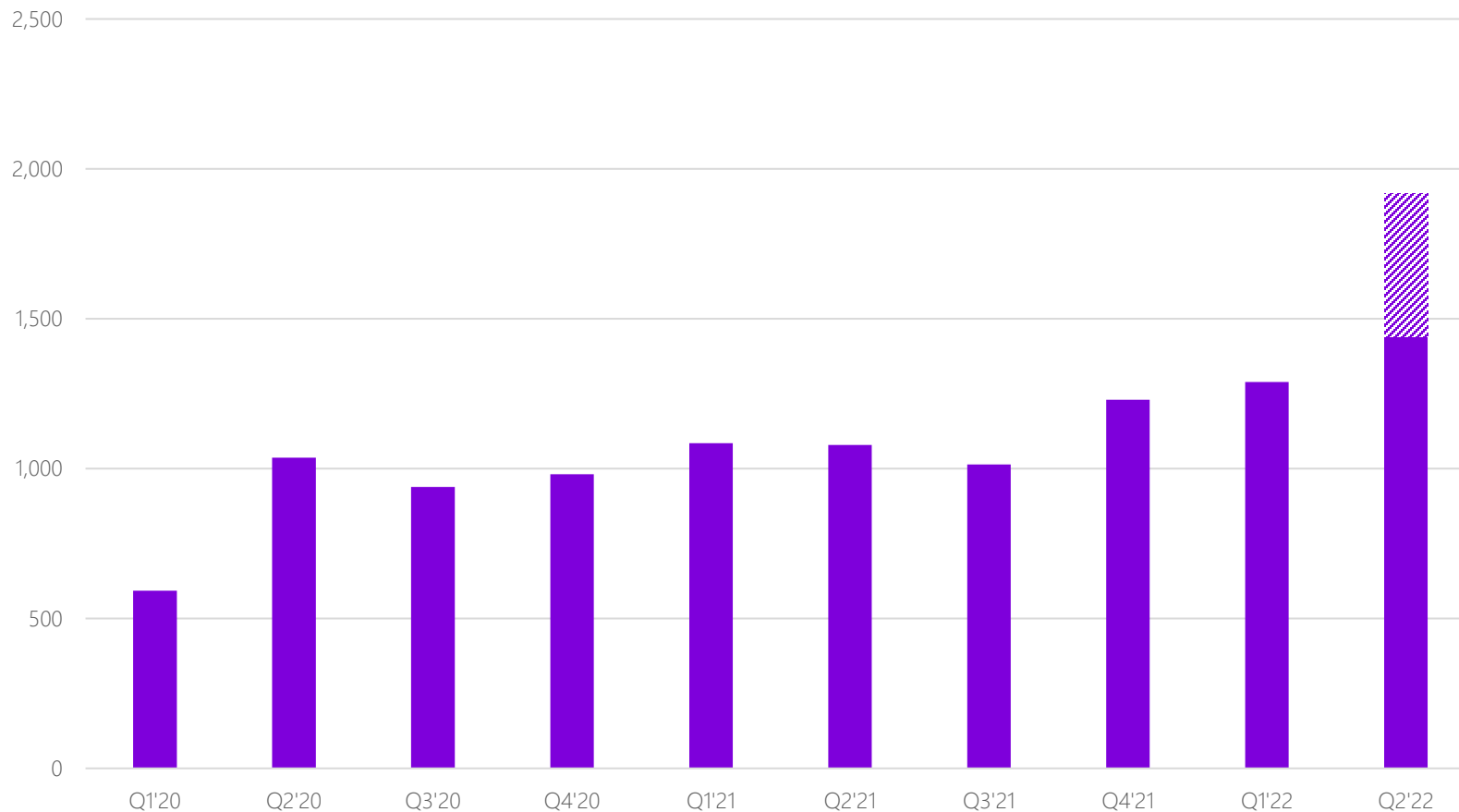
NOK million	2022 Q2	2021 Q2	YTD 2022	YTD 2021	2021
Operating revenue	183	164	396	321	798
Total operating expenses	424	313	824	568	1 381
EBITDA	-197	-120	-350	-195	-475
EBIT	-241	-149	-428	-247	-583
Pre-tax income (loss)*	-277	-314	-195	-894	-1 684
Net income (loss)*	-275	-312	-191	-890	-1 667
Net cash flow from operating activities	-220	-47	-378	-232	-449
Cash balance at end of period	3 646	3 074	3 646	3 074	2 723

\*The second quarter 2022 includes a net unrealised fair value adjustment of financial instruments of NOK 2 million



# All-time high order backlog

NOK million



- NOK 236 million in order intake in Q2 2022, substantial order intake in subsequent weeks
  - Up 61% YoY
  - Up 17% from YE 2021
- Order intake expected to vary between quarters as average order size increases
- All-time high order backlog end of Q2 2022
  - Up 33% YoY
  - Up 17% from YE 2021
- The pipeline continues to grow across all segments and industries

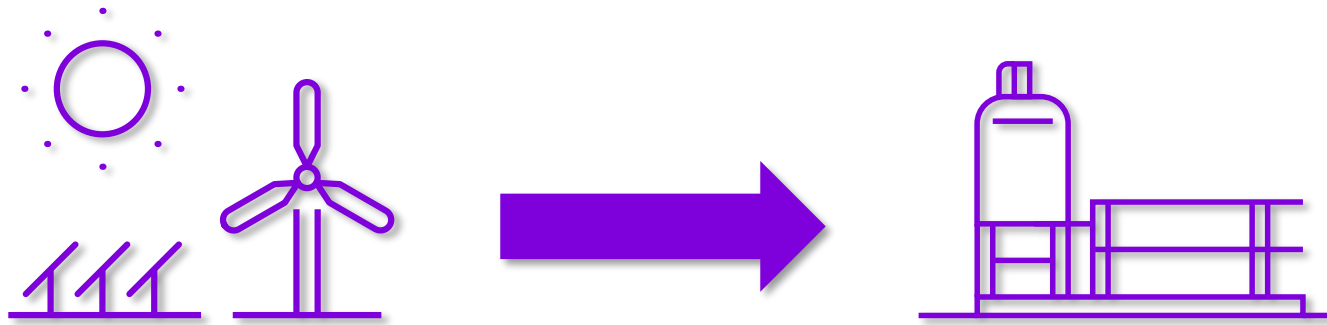
### 3. Commercial developments

## Purchase order for an alkaline electrolyser system in Norway



- Client: Glencore Nikkelverk
- Delivery: mid-2023
- Value: EUR 3 million
- The client is already familiar with alkaline electrolyser technology as it currently operates a similar system in Kristiansand delivered by Nel
- Nikkelverk was Nel's first commercial client (initial system delivered in 1961)

# Purchase order for electrolyser equipment to the world's first dynamic green ammonia plant



- Client: Skovgaard Energy
- Delivery: Q3-2023
- Value: EUR 4 million
- The project in Denmark will be the world's first dynamic green ammonia plant where renewable electricity from wind and solar will be connected directly to the electrolyser
- This is a demo plant that will test how an ammonia reactor can fluctuate operations based on renewable power input

## Purchase order for a PEM electrolyser system in Australia



- Client: Viva Energy
- Delivery: Q3-2023
- Value: EUR 4 million
- The electrolyser will be the biggest in Australia
- The system is a containerized solution with a production capacity up to 1,063 kg/day and will supply fuel cell grade hydrogen directly on site to the dedicated fueling station

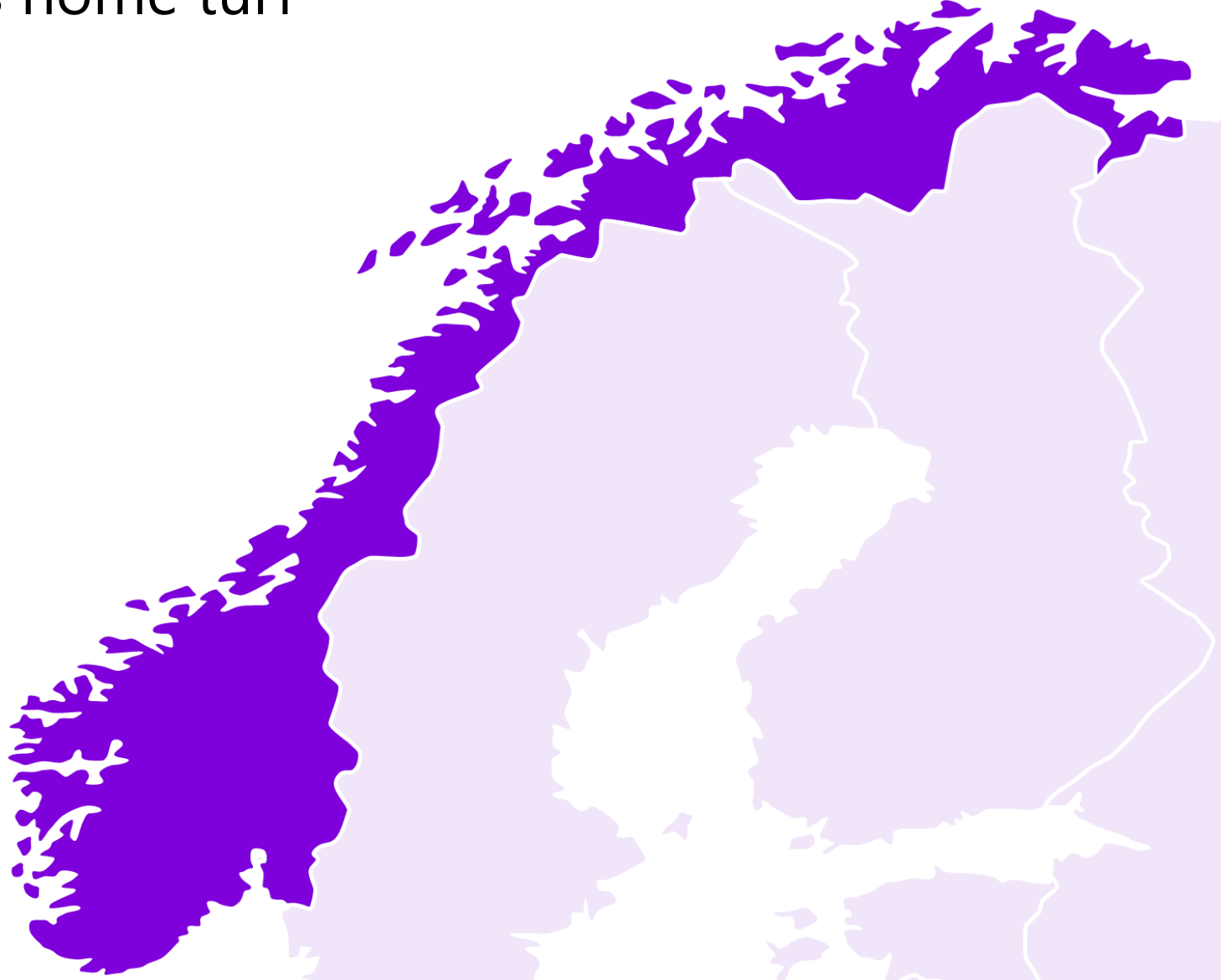


## Several purchase orders for fueling equipment



- Purchase order from HTEC, Biproraf, and an undisclosed European client received in Q2 2022
- Demand is picking up in several markets, and we expect to see more orders in H2 2022
- Yesterday Nel announced a purchase order for several fueling stations to an undisclosed European client with a total value of approx. EUR 8 million

## Substantial Enova support in Norway, Nel's home turf



- In June, Glomfjord Hydrogen was awarded NOK 150m in support for its 20 MW hydrogen project for green fuel to customers in the maritime sector
- Nel ASA owns 23% of the company
- Four other hydrogen hubs in Norway received support, totalling NOK 669m
- Enova also announced NOK 121m in support to Celsa Armeringsstål for green reinforcement steel production

# What we said six months ago

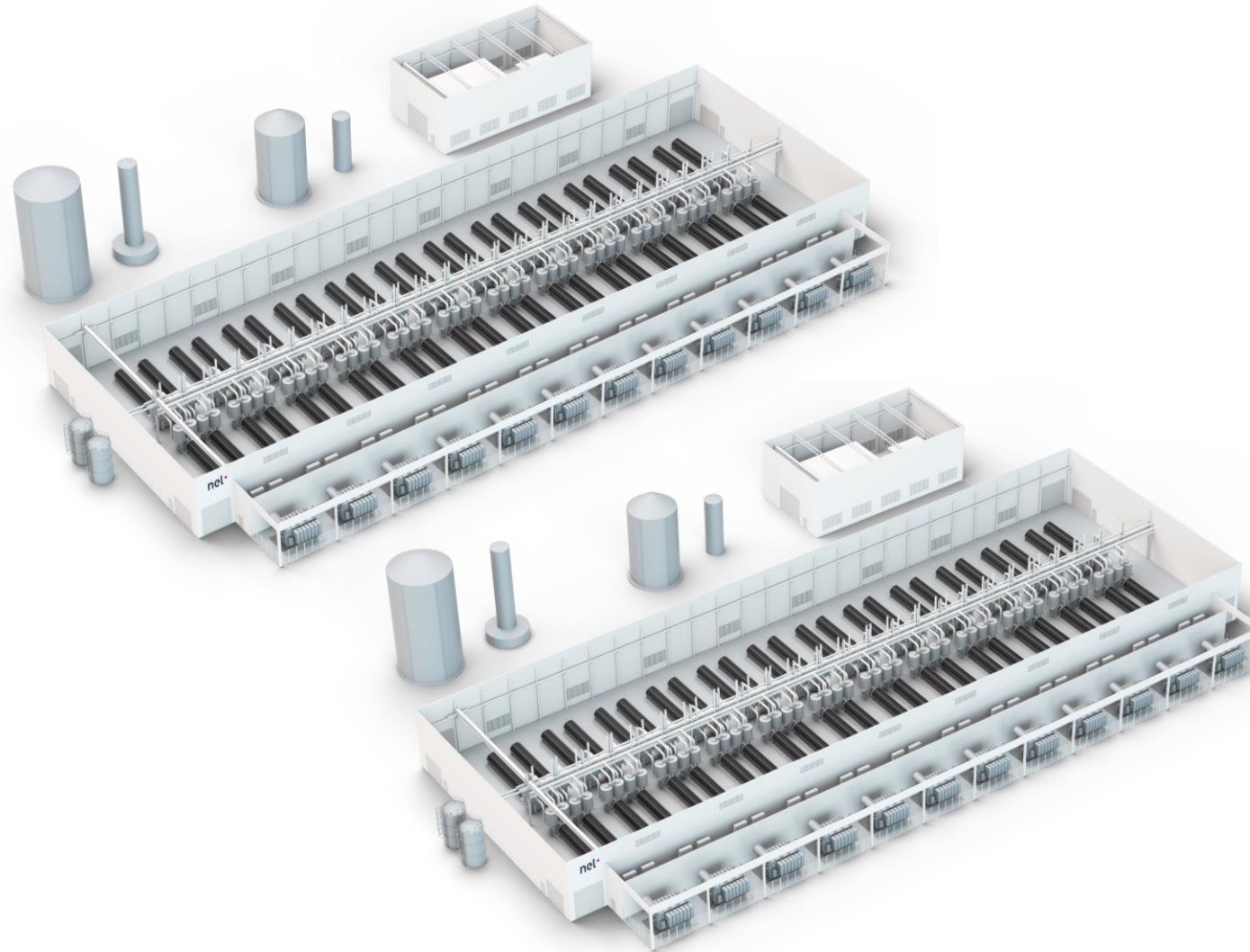
Pipeline  
booming

Projects getting  
significantly  
larger

Expect to break  
order-size  
records in 2022



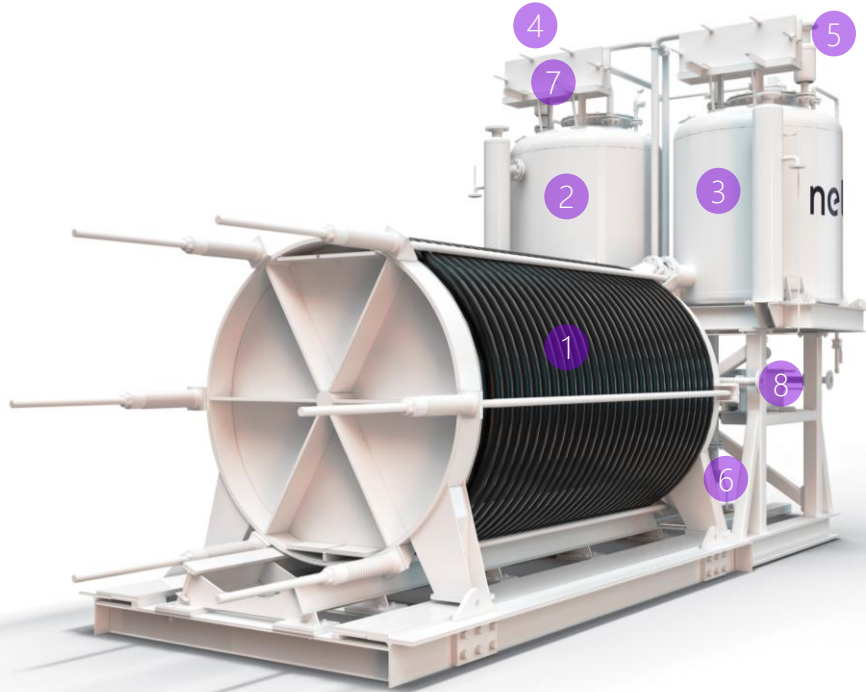
# Record order for 200 MW of alkaline stacks



- Client: Undisclosed, USA
- Production: Feb'23-mid'24
- Value: EUR 45 million
- Purchase order only includes alkaline electrode stacks
- Value could potentially double with Balance of Plant (BoP) equipment following paid FEED study
- The client has secured both a 20-year green power purchase agreement and a 20-year offtake agreement for 100% of the end product
- Nel was chosen based on maturity of technology and installed production capacity

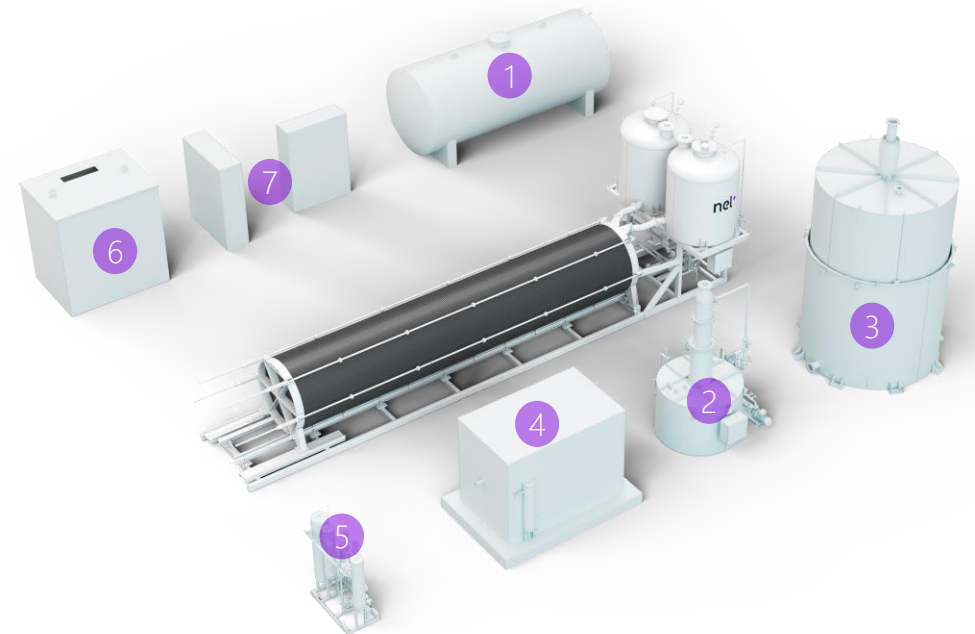
The 200 MW order is for stacks only,  
balance of plant could be added on later

### Stack and Balance of Stack (BoS)



- 1 Electrolyser cell stack
- 2 hydrogen separator tank
- 3 Oxygen separator tank
- 4 Hydrogen flange
- 5 Oxygen flange
- 6 Lye circulation pump
- 7 Gas cooler
- 8 Lye cooler

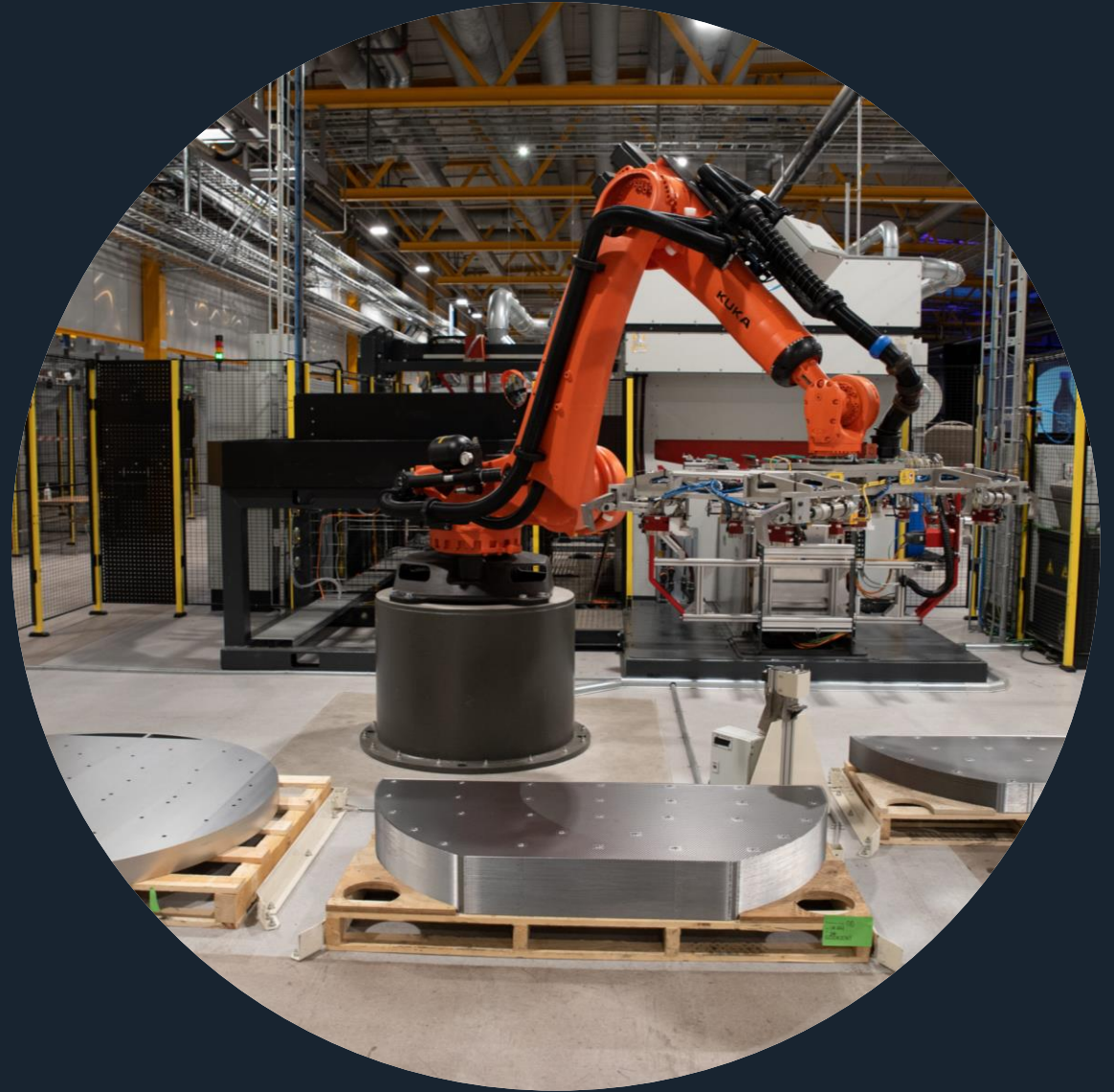
### Balance of Plant (BoP)



- 1 Lye tank
- 2 Gas scrubber / cleaner
- 3 Gas holder
- 4 Compressor
- 5 Deoxidizer and gas dryer
- 6 Transformer
- 7 Rectifiers

# Impact on Nel

- Important reference project
- Positive financial contribution
  - Standard product delivery with solid margin
  - Pass-through on the most important input factors
- Herøya baseload secured, volume enables further cost reductions
- A blueprint for future large-scale projects





## The 200 MW order is not a one-off

- Pipeline is still growing and projects are getting bigger
- Customers concerned about industry supply constraints
- Several paid large-scale FEED studies ongoing and new studies will be initiated

### Nel will pursue projects where we have:

- A suitable technology offering
- High quality counterparties
- High probability for project FID
- A high probability to win
- An acceptable risk profile

## Investment decision to build 2<sup>nd</sup> alkaline production line at Herøya taken

- Increases total annual alkaline production capacity to ~1 GW
- Line 2 is expected to go live in April 2024
- Capex for equipment estimated to be EUR 35 million
- Based on main principles from Line 1 with continuous improvements implemented



## 4. Political events



# US tax credit

Expected to accelerate project FIDs in the US

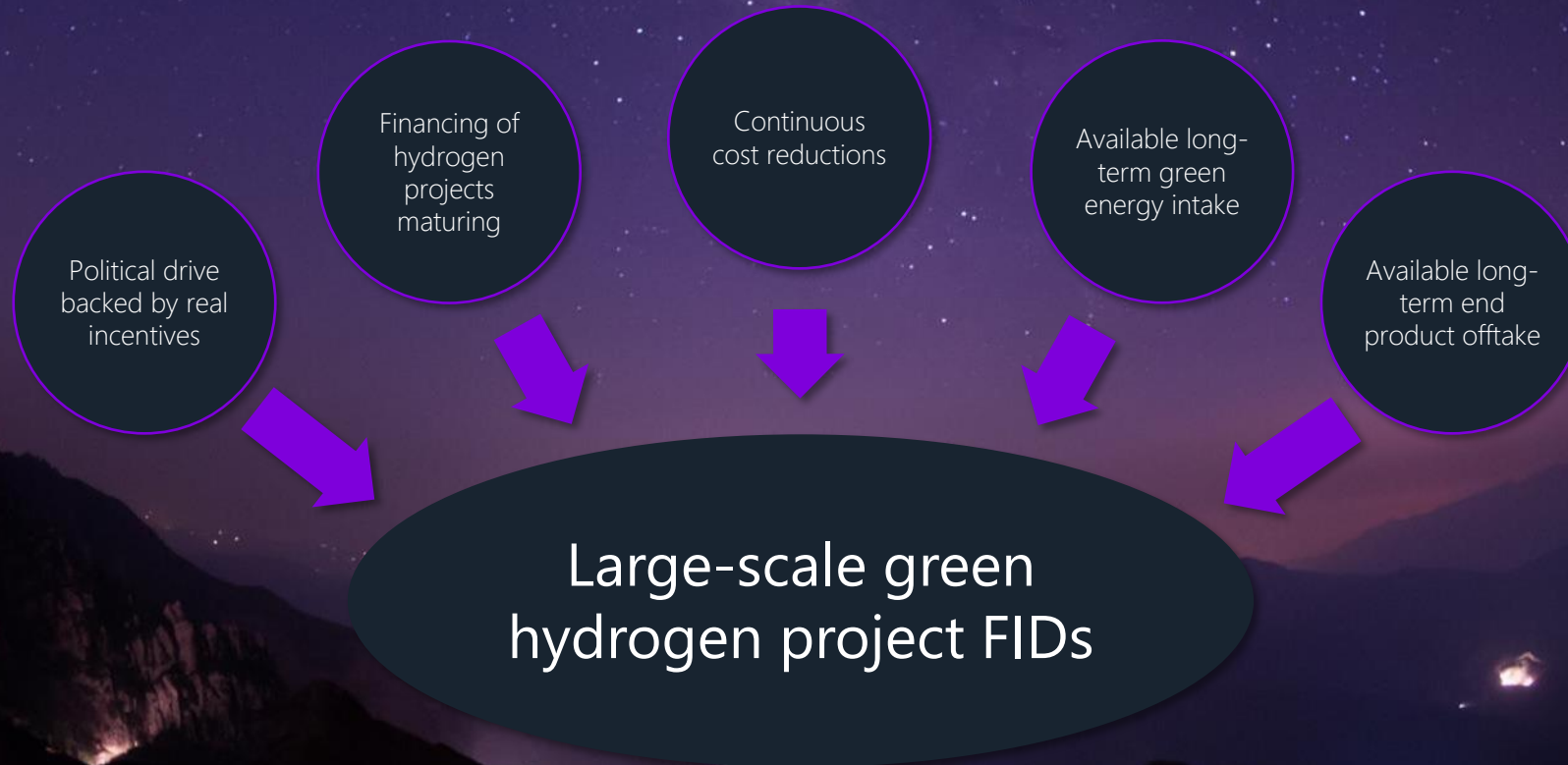
- Max tax credit of \$3.0/kg of hydrogen
- Green hydrogen will become competitive with grey hydrogen in many applications
- US will become an increasingly important market



## 5. Summary and outlook



# Main triggers for large-scale green hydrogen projects are pushing projects towards final investment decisions



# Nel uniquely positioned to capitalize on increasing market demand

## Unrivalled track record

- Decades of experience
- Largest installed base
- Proven technology with performance guarantees

## Technology leadership

- Technology leader in PEM, alkaline, and fueling
- Optimal system efficiency and durability/lifetime
- World-class safety

## Cost and scale leadership

- Front-runner in cost reduction, and first to announce \$1.5/kg target
- Market leading production capabilities
- Strong financing



number one by nature