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# Nel ASA

Q2 and half-year 2022 report

## Contents

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Highlights	3
Key figures	3
Financial development	5
Group	5
Nel Hydrogen Electrolyser	6
Nel Hydrogen Fueling	7
Finance	8
Cash	9
Risks and uncertainty	10
Outlook	10
Responsibility statement	11
Condensed interim financial statements	12
Notes to the interim financial statements	16
Alternative Performance Measures	21

## Nel in brief

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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 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's 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 and increasing availability of renewable energy, decreasing cost of electrolysers, and increasing focus on decarbonization. The overall hydrogen market is expected to grow significantly, with hydrogen being used as a zero-emission fuel for mobility and as a way of decarbonising hard-to-

decarbonise industrial sectors like the replacement of coal in the metal industry.

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 fueling time and range as conventional fossil fuel vehicles. Nel began manufacturing hydrogen fueling stations in 2003 and have invested significantly in R&D. The H2Station™ technology is now being utilized daily in several European countries as well as in South Korea and California, US, providing hydrogen to passenger vehicles, buses, trucks and other vehicles, 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 in Herning, Denmark.

## Highlights

- Nel ASA (Nel) reported revenue and operating income in the second quarter 2022 of NOK 183 million, up 12% from the second quarter 2021 (Q2 2021: 164).
- Order intake this quarter of NOK 236 million (Q2 2021: 147).
- At quarter end, Nel reported the highest ever order backlog of NOK 1 439 million, up 33% from the second quarter 2021 (up 12% compared to the first quarter 2022).
- EBITDA of NOK -197 million (Q2 2021: -120).
- Strong cash balance of NOK 3 646 million (Q2 2021: 3 074) following a successful private placement during the first half 2022 which raised NOK 1 500 million in gross proceeds.
- Subsequent to the quarter,
  - Nel has received record size purchase order for 200 MW of alkaline electrolyser equipment
  - Nel has initiated the continued expansion at Herøya in Norway, for an additional new 500 MW alkaline production line
  - Nel has received purchase order for multiple H2Station™ units for a value of approximately EUR 8 million.

## Key figures

(Amounts in NOK million)	Q2 2022	Q2 2021	YTD 2022	YTD 2021	2021
Revenue and operating income	183	164	396	321	798
Operating expenses	424	313	824	568	1 381
EBITDA	-197	-120	-350	-195	-475
Operating loss	-241	-149	-428	-247	-583
Pre-tax income (loss) <sup>1)</sup>	-277	-314	-195	-894	-1 684
Net income (loss) <sup>1)</sup>	-275	-312	-191	-890	-1 667
Net cash flow from operating activities	-220	-47	-378	-232	-449
Cash balance end of period	3 646	3 074	3 646	3 074	2 723
Order intake	236	147	519	410	967
Order backlog	1 439	1 078	1 439	1 078	1 230

1) Pre-tax income (loss) and Net income (loss) include fair value adjustments 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:

- An alkaline electrolyser for a refinery in India.  
Value approximately EUR 2 million.
  - An alkaline electrolyser in Norway for production of hydrochloric acid.  
Value approximately EUR 3 million.
  - An alkaline electrolyser in Denmark for production of green ammonia.  
Value approximately EUR 4 million.
  - An alkaline electrolyser in the U.S. for industrial application.  
Value approximately EUR 45 million.
  - A PEM electrolyser in Australia providing green hydrogen to heavy fuel cell vehicles.  
Value approximately EUR 4 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:

- One H2Station™ hydrogen fueling module from HTEC in Canada.  
Value approximately USD 1.5 million.
- Hydrogen fueling equipment from Biproraf in Poland.  
Undisclosed value.
- Two H2Station™ fueling systems from a European client.  
Value approximately EUR 3 million.
- Multiple H2Station™ units from a European client.  
Value approximately EUR 8 million.

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

[Press releases | Nel Hydrogen](#)

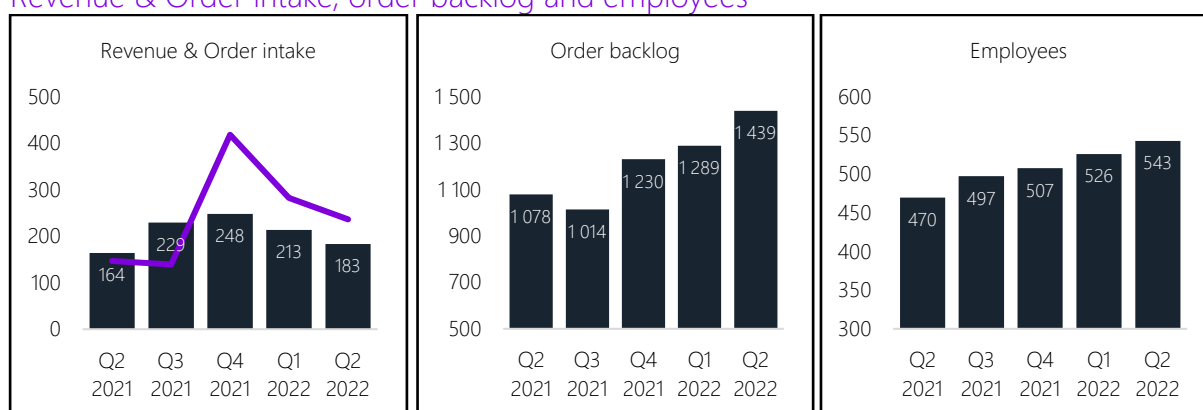
## Financial development

### Group

#### Key figures

(Amounts in NOK million)	Q2 2022	Q2 2021	Change	YTD 2022	YTD 2021	Change	2021
Revenue and operating income	183	164	12%	396	321	24%	798
Operating expenses	424	313	36%	824	568	45%	1 381
EBITDA	-197	-120		-350	-195		-475
Order intake	236	147	61%	519	410	26%	967
Order backlog	1 439	1 078	33%				1 230
Employees	543	470	16%				507
Total assets	7 498	6 558	14%				6 007

#### Revenue & Order intake, order backlog and employees



Nel reported increases in revenue compared to the same quarter last year as Nel continues to deliver electrolyser systems as planned from the new Herøya manufacturing facility. The increase in order backlog is partially explained by an increase of NOK 61 million in currency effects from revaluing the USD backlog portion to NOK in the second quarter. Nel continued to build the organization in line with its strategic decision to pursue growth and higher activity levels. Personnel expenses increased by 41% 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 increased raw materials expenses and somewhat delayed deliveries from supply chain challenges. Across all divisions, the operating results are negatively impacted by upscaling costs such as entering new customer segments and introducing new technological components/products. Nel's equity ratio at the end of the first half was 85% including NOK 3 646 million in cash. Total assets increased 25% compared to year end 2021 with the increase is mainly related to the share capital increase in March, which raised NOK 1 500 million in gross proceeds. Decreases in the fair value of equity instruments and operating losses served as offsets.

#### First half

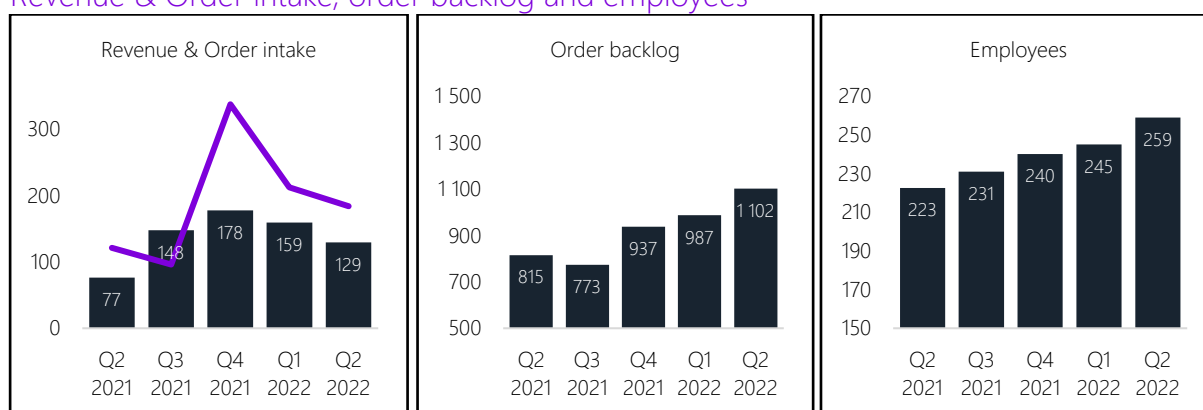
Nel's first half revenues were NOK 75 million higher than a year earlier, while the EBITDA was NOK 155 million lower. The reduced results reflect the ramp-up of the organisation and research and development expenses. The order intake and order backlog were 26% and 33% higher than a year earlier, respectively.

## Nel Hydrogen Electrolyser

### Key figures

(Amounts in NOK million)	Q2 2022	Q2 2021	Change	YTD 2022	YTD 2021	Change	2021
Revenue and operating income	129	77	69%	289	141	105%	466
Operating expenses	231	161	43%	471	266	77%	737
EBITDA	-83	-66		-143	-93		-210
Order intake	184	121	52%	397	329	21%	763
Order backlog	1 102	815	35%				937
Employees	259	223	16%				240
Total assets	2 111	1 547	36%				1 842

### Revenue & Order intake, order backlog and employees



Nel Hydrogen Electrolyser reported an increase of 69% in revenue and operating income compared to the same quarter in 2021. During the quarter, Nel continued the deliveries of electrolyser systems from the new manufacturing facility at Herøya in Norway according to plan. Revenues in Norway from sales of alkaline electrolysers were record-high in the first half of the year, while sales of PEM electrolysers from the US increased 28% from first half 2021.

EBITDA decreased from the second quarter of 2021. The positive contribution from higher revenues was more than offset by negative impact from ramp-up activities including higher personnel expenses and increase in raw material prices. General supply chain challenges are putting pressure on margins and delay deliveries.

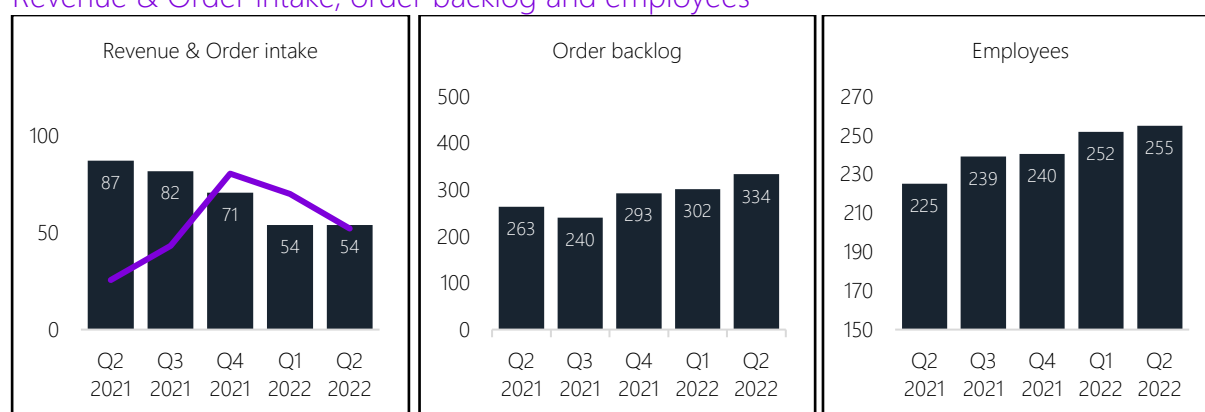
As of 2022, with the opening of its 500 MW fully-automated manufacturing facility at Herøya, Nel became the first electrolyser company capable of accommodating large-scale projects. Given the significant pipeline of projects globally, and the expectation that projects will continue to grow in both number and size, Nel is ready to continue to increase its electrolyser production capacity. In order to meet the global ambitions for renewable hydrogen, the continued expansion at Herøya for an additional new 500 MW alkaline production line will be initiated already during 2022.

## Nel Hydrogen Fueling

### Key figures

(Amounts in NOK million)	Q2 2022	Q2 2021	Change	YTD 2022	YTD 2021	Change	2021
Revenue and operating income	54	87	-38%	108	180	-40%	332
Operating expenses	161	129	25%	286	260	10%	541
EBITDA	-82	-32		-142	-63		-169
Order intake	52	26	104%	122	81	50%	205
Order backlog	334	263	27%				293
Employees	255	225	13%				240
Total assets	1 004	1 024	-2%				1 038

### Revenue & Order intake, order backlog and employees



The main market for Nel Hydrogen Fueling historically has been in California, US, and South Korea, while Europe has seen some individual station orders. All of these regions have government support and pledges for the establishment of a network of hydrogen refuelling stations, including yearly rollout plans and long-term goals. Nel is shifting focus from individual station orders to large multi-station contracts. Due to the increased financial commitment and technical specifications required in multi-station contracts, this shift in market focus is likely to lead to a more uneven order intake and will require a longer and more resource-intensive negotiation period.

Order intake has been higher than revenues in the first half 2022, leading to an increased order backlog. The fueling segment is experiencing an increased lead time for components in the supply chain given global disruptions. The result of these disruptions results in both longer delivery times and a need to hold more inventory.

Fueling EBITDA decreased compared to the same quarter last year. Lower revenues and margins had a negative impact and higher personnel expenses resulting from 25% increase in the number of employees contributed to the decline. In addition, there are increased costs to support H2Stations™ in operation.

There has been a large increase in the utilisation of many of Nel's installed stations, 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)	Q2 2022	Q2 2021	YTD 2022	YTD 2021	2021
<b>Finance income</b>					
Interest income	13	4	21	8	20
Change in fair value financial instruments	2	42	217	45	8
Other	0	0	0	1	1
<b>Interest income and other finance income</b>	<b>15</b>	<b>46</b>	<b>238</b>	<b>54</b>	<b>28</b>
<b>Finance costs</b>					
Interest expense	-3	-3	-6	-5	-10
Capitalised interest	0	1	0	3	6
Net foreign exchange gain (loss)	52	3	45	-6	-4
Change in fair value financial instruments	-99	-213	-44	-692	-1 121
Other	-1	0	-1	0	-1
<b>Interest expense and other finance costs</b>	<b>-50</b>	<b>-211</b>	<b>-5</b>	<b>-701</b>	<b>-1 129</b>
<b>Net finance income (cost)</b>	<b>-35</b>	<b>-165</b>	<b>233</b>	<b>-647</b>	<b>-1 101</b>

Nel reported finance income of NOK 15 million (46) in the second quarter 2022, mainly consisting of interest income 13 million (4) from cash and cash equivalents. The second quarter 2021 figure included a positive change in the fair value of shareholdings of NOK 42 million.

Finance costs in the second quarter 2022 were NOK -50 million compared to -211 million in second quarter 2021. This significant decrease is mainly due to a negative change in fair value of shareholdings of NOK -213 million in the second quarter last year, compared to NOK -99 million this quarter. Second quarter 2022 includes NOK 50 million (-10) in unrealised currency exchange gain (loss) resulting from revaluing internal loans, caused by a weakened NOK against USD and EUR.

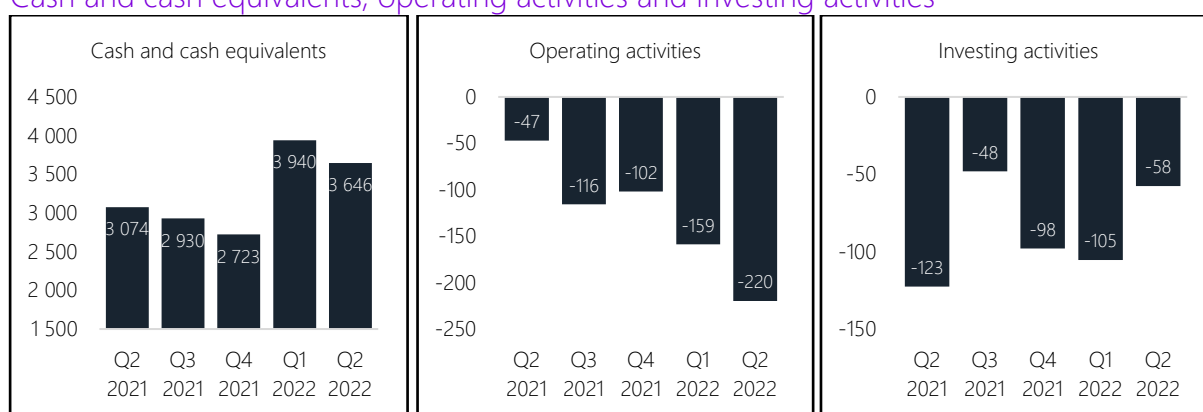
## First half

Nel reported net finance income in the first half of 2022 of NOK 233 million (1H 2021: -647 million). The variance from net finance cost in the prior year is mainly explained by the unrealised fair value adjustment of the shareholdings in Everfuel, Nikola Corporation and Hyon. First half 2022 included net fair value adjustment of these shareholdings of NOK 169 million (-652). In the first half 2022, Nel has also recognised an unrealised currency loss on the revaluation of internal loans of NOK 44 million (-6), caused by a weakened NOK against USD and EUR.

## Cash

(Amounts in NOK million)	Q2 2022	Q2 2021	Change	YTD 2022	YTD 2021	Change	2021
Net cash flow from operating activities	-220	-47	366%	-378	-232	63%	-449
Net cash flow from investing activities	-58	-123	-53%	-163	-227	-28%	-374
Net cash flow from financing activities	-18	-5	283%	1 464	1 201	22%	1 216
Foreign currency effects on cash	1	1		1	0		-3
<b>Net change in cash</b>	<b>-294</b>	<b>-174</b>	<b>69%</b>	<b>924</b>	<b>741</b>	<b>25%</b>	<b>390</b>
Cash and cash equivalents OB	3 940	3 248	21%	2 723	2 333	17%	2 333
<b>Cash and cash equivalents</b>	<b>3 646</b>	<b>3 074</b>	<b>19%</b>	<b>3 646</b>	<b>3 074</b>	<b>19%</b>	<b>2 723</b>

## Cash and cash equivalents, operating activities and investing activities



Cash flow from operating activities was negative as Nel continues to pursue its growth strategy, investing in an expanded organization to address the volume and complexity of global project tenders and execution activity. Change in net working capital reduced cash by NOK -44 million (20) in the quarter as inventories, trade receivables and contract assets increased more than current liabilities.

The investing activities in the second quarter 2022 included NOK 21 million (-1) 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 totalled NOK 12 million (97) in the quarter. Other investment activities included capitalised internal development of next generation fueling stations and electrolysers for a total of NOK 24 million (29) this quarter.

Finance activities were positively impacted the first half of 2022 by a successful private placement on March 23, 2022, raising NOK 1 500 million in gross proceeds.

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

## Risks and uncertainty

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Nel is exposed to significant risk and uncertainty factors, which may affect some or all of 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

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External and internal analyses support a market view that multiple gigawatts of electrolyser projects will reach final investment decision before 2025. Nel sees a rapidly increasing pipeline of opportunities globally. Within electrolyzers, the immediate opportunities are highest within industrial applications. Projects will likely come first in mature markets, before large greenfield installations integrated with renewables gradually become a leading market segment. The increasing size of projects leads to a long preparation and negotiation phase with significant paid as well as unpaid engineering work. These market dynamics drive Nel's continued investment in engineering, project, and related personnel. For fueling applications, the market is shifting from individual station orders to larger framework contracts, also subject to similar dynamics regarding extended timelines, complexity, and resource-intensity.

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 in a much larger market. We believe that our production capability is also an important differentiating factor for Nel in the global hydrogen landscape, particularly as available capacity is increasingly highly valued by current and potential customers.

In addition, Nel continues to be negatively impacted by disruptions in the value chain due to the lingering effects and intermittent flare-ups related to the Covid-pandemic, the war in Ukraine and increased raw material and logistics costs. As a result of these factors, margins continue to experience pressure and are expected to 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 develop and expand, and contracts continue to grow in size, scope and complexity.

## Responsibility statement

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We confirm, to the best of our knowledge, that the condensed set of interim consolidated financial statements for the first half of 2022, which have been prepared in accordance with IAS 34 Interim Reporting, give a true and fair view of the company's assets, liabilities, financial position and results of operation, and that the half-year report provides a fair overview of the information specified in section 5-6, fourth paragraph of the Norwegian Securities Trading Act.

Oslo, 11 August 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 Board member (Electronically signed)	Håkon Voldal CEO (Electronically signed)	

## Condensed interim financial statements

### Consolidated statement of comprehensive income (unaudited)

(Amounts in NOK thousands)	Note	Q2 2022	Q2 2021	YTD 2022	YTD 2021	2021
<b>Revenue and operating income</b>						
Revenue from contracts with customers		173 144	151 620	370 441	296 867	753 096
Other operating income		10 077	12 102	25 918	23 710	44 905
<b>Total revenue and operating income</b>	3	<b>183 221</b>	<b>163 722</b>	<b>396 359</b>	<b>320 578</b>	<b>798 001</b>
<b>Operating expenses</b>						
Raw materials		134 537	119 676	279 154	201 908	551 695
Personnel expenses		157 230	111 140	308 202	205 500	472 010
Depreciation, amortisation and impairment	4, 5	43 854	28 806	78 041	52 649	107 616
Other operating expenses		88 616	53 165	158 587	107 735	249 533
<b>Total operating expenses</b>		<b>424 237</b>	<b>312 787</b>	<b>823 984</b>	<b>567 793</b>	<b>1 380 854</b>
<b>Operating loss</b>		<b>-241 016</b>	<b>-149 065</b>	<b>-427 625</b>	<b>-247 216</b>	<b>-582 853</b>
Finance income	6	14 635	46 013	238 301	53 762	28 276
Finance cost	6	-50 127	-211 022	-5 333	-700 524	-1 129 224
Share of loss from associates and joint ventures		0	0	0	0	-35
<b>Net financial items</b>		<b>-35 492</b>	<b>-165 009</b>	<b>232 968</b>	<b>-646 762</b>	<b>-1 100 983</b>
<b>Pre-tax income (loss)</b>		<b>-276 508</b>	<b>-314 074</b>	<b>-194 657</b>	<b>-893 978</b>	<b>-1 683 836</b>
Tax expense (income)		-1 991	-1 812	-3 883	-3 652	-16 984
<b>Net income (loss)</b>		<b>-274 517</b>	<b>-312 262</b>	<b>-190 774</b>	<b>-890 326</b>	<b>-1 666 852</b>
<b>Items that are or may subsequently be reclassified to income statement:</b>						
Currency translation differences		87 680	5 639	72 219	-10 564	-7 108
Cash flow hedges, effective portion of changes in fair value		-6 290	-2 051	-2 496	-5 952	-3 086
Cash flow hedges, reclassified		464	1 787	-2 480	1 305	-3 244
<b>Other comprehensive income</b>		<b>81 854</b>	<b>5 375</b>	<b>67 243</b>	<b>-15 210</b>	<b>-13 438</b>
<b>Total comprehensive income</b>		<b>-192 663</b>	<b>-306 888</b>	<b>-123 531</b>	<b>-905 537</b>	<b>-1 680 290</b>
Basic EPS (figures in NOK) <sup>1)</sup>		-0.18	-0.21	-0.13	-0.62	-1.15
Diluted EPS (figures in NOK) <sup>1)</sup>		-0.18	-0.21	-0.13	-0.62	-1.15
Weighted average number of outstanding shares (million)		1 559	1 457	1 514	1 442	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	30.06.2022	31.12.2021
<b>ASSETS</b>			
Intangible assets	4	1 247 821	1 144 144
Property, plant and equipment	5	639 114	623 514
Other non-current assets		190 150	95 187
<b>Total non-current assets</b>		<b>2 077 085</b>	<b>1 862 845</b>
Inventories		476 064	328 465
Trade receivables		310 701	211 408
Contract assets		107 165	178 769
Other current assets	6	880 341	702 728
Cash and cash equivalents		3 646 394	2 722 769
<b>Total current assets</b>		<b>5 420 665</b>	<b>4 144 139</b>
<b>TOTAL ASSETS</b>		<b>7 497 750</b>	<b>6 006 984</b>
<b>EQUITY AND LIABILITIES</b>			
Shareholders' equity		6 396 714	5 038 705
<b>Total equity</b>		<b>6 396 714</b>	<b>5 038 705</b>
Deferred tax liability		50 137	48 543
Long-term debt		22 848	23 191
Lease liabilities		116 172	113 505
Other non-current liabilities		75 641	77 989
<b>Total non-current liabilities</b>		<b>264 798</b>	<b>263 228</b>
Trade payables		159 697	132 962
Lease liabilities		22 421	19 916
Contract liabilities		473 145	360 821
Other current liabilities		180 975	191 352
<b>Total current liabilities</b>		<b>836 238</b>	<b>705 051</b>
<b>Total liabilities</b>		<b>1 101 036</b>	<b>968 279</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>7 497 750</b>	<b>6 006 984</b>

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

## Consolidated statement of cash flows (unaudited)

(Amounts in NOK thousands)	Q2 2022	Q2 2021	YTD 2022	YTD 2021	2021
<b>Cash flow from operating activities</b>					
Pre-tax income (loss) <sup>1)</sup>	-276 508	-314 074	-194 657	-893 978	-1 683 836
Depreciation, amortisation and impairment	43 854	28 806	78 041	52 649	107 616
Change in net working capital <sup>2)</sup>	-44 310	19 836	-36 229	-40 347	-32 956
Other adjustments <sup>3)</sup>	57 315	218 323	-225 583	649 950	1 159 718
<b>Net cash flow from operating activities</b>	<b>-219 649</b>	<b>-47 109</b>	<b>-378 428</b>	<b>-231 725</b>	<b>-449 458</b>
<b>Cash flow from investment activities</b>					
Purchases of property, plant and equipment	-12 479	-96 817	-34 932	-132 029	-258 283
Payments for capitalised technology	-24 470	-29 323	-53 613	-60 915	-118 870
Purchases of other investments <sup>4)</sup>	-21 619	0	-75 506	-37 378	-46 966
Investments in other financial assets	0	-13 125	0	-13 125	-13 125
Disposal of fixed assets	0	16 000	0	16 000	26 056
Investments in associates and joint ventures	0	0	0	-700	-1 272
Proceeds from sales of other investments <sup>4)</sup>	1 016	665	1 016	665	38 844
<b>Net cash flow from investing activities</b>	<b>-57 552</b>	<b>-122 600</b>	<b>-163 035</b>	<b>-227 482</b>	<b>-373 616</b>
<b>Cash flow from financing activities</b>					
Interest paid <sup>5)</sup>	-2 572	-792	-5 188	-1 760	-3 678
Gross cash flow from share issues	0	0	1 500 000	1 225 125	1 255 103
Transaction costs connected to share issues	-11 632	0	-23 295	-15 457	-15 562
Payment of lease liabilities	-3 542	-3 836	-6 752	-6 909	-15 467
Payment of non-current liabilities	0	0	-745	-456	-4 464
<b>Net cash flow from financing activities</b>	<b>-17 746</b>	<b>-4 628</b>	<b>1 464 020</b>	<b>1 200 543</b>	<b>1 215 932</b>
Foreign currency effects on cash	1 305	556	1 068	-169	-2 943
<b>Net change in cash and cash equivalents</b>	<b>-293 642</b>	<b>-173 780</b>	<b>923 625</b>	<b>741 167</b>	<b>389 915</b>
Cash and cash equivalents beginning of period	3 940 036	3 247 801	2 722 769	2 332 854	2 332 854
<b>Cash and cash equivalents</b>	<b>3 646 394</b>	<b>3 074 021</b>	<b>3 646 394</b>	<b>3 074 021</b>	<b>2 722 769</b>

1) The second quarter 2022 includes interest received of NOK 13 million (4).

2) Change in net working capital comprises changes in inventories, trade receivables, contract assets, contract liabilities and trade payables. A change in balance sheet items included in this row has resulted in a reclassification within cash flow from operating activities impacting the comparable amounts.

3) The second quarter 2022 includes a net unrealised fair value adjustment of financial instruments of NOK -97 million. The net unrealised fair value adjustment was NOK -171 million in the second quarter 2021.

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

5) 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
<b>Equity as of 31.12.2021</b>	<b>292 160</b>	<b>5 596 248</b>	<b>-81</b>	<b>68 591</b>	<b>-918 213</b>	<b>5 038 705</b>
Net Income					-190 774	-190 774
Currency translation differences				72 219		72 219
Hedging reserve				-4 976		-4 976
Capital increase	19 608	1 457 097				1 476 705
Options and share program					4 799	4 799
Other changes					36	36
<b>Equity as of 30.06.2022</b>	<b>311 768</b>	<b>7 053 345</b>	<b>-81</b>	<b>135 834</b>	<b>-1 104 152</b>	<b>6 396 714</b>



## Notes to the interim financial statements

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### 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-fuelled 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)	Q2 2022	Q2 2021	Change	YTD 2022	YTD 2021	Change
<b>Revenue and operating income</b>						
Nel Hydrogen Electrolyser	129 278	76 570	69%	288 514	141 047	105%
Nel Hydrogen Fueling	53 943	87 151	-38%	107 845	179 530	-40%
<b>Total</b>	<b>183 221</b>	<b>163 722</b>	<b>12%</b>	<b>396 359</b>	<b>320 578</b>	<b>24%</b>
<b>EBITDA</b>						
Nel Hydrogen Electrolyser	-83 489	-66 375		-143 415	-93 129	
Nel Hydrogen Fueling	-81 988	-32 469		-142 358	-62 757	
Corporate <sup>1)</sup>	-31 685	-21 415		-63 811	-38 680	
<b>Total</b>	<b>-197 162</b>	<b>-120 259</b>		<b>-349 584</b>	<b>-194 566</b>	
<b>Investments <sup>2)</sup></b>						
Nel Hydrogen Electrolyser	21 359	113 435	-81%	63 703	162 837	-61%
Nel Hydrogen Fueling	15 590	25 829	-40%	24 842	43 232	-43%
<b>Total</b>	<b>36 949</b>	<b>139 264</b>	<b>-73%</b>	<b>88 545</b>	<b>206 069</b>	<b>-57%</b>
<b>Total assets <sup>3)</sup></b>						
Nel Hydrogen Electrolyser	2 110 888	1 547 168	36%			
Nel Hydrogen Fueling	1 022 219	1 023 513	0%			
Corporate	4 364 643	3 987 099	9%			
<b>Total</b>	<b>7 497 750</b>	<b>6 557 780</b>	<b>14%</b>			

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)	30.06.2022	30.06.2021	Change	31.12.2021	Change
Norway	468 531	313 506	49%	461 994	1%
Denmark	113 044	116 668	-3%	106 262	6%
USA	52 224	45 735	14%	49 919	5%
South Korea	5 315	4 103	30%	5 339	0%
<b>Total</b>	<b>639 114</b>	<b>480 013</b>	<b>33%</b>	<b>623 514</b>	<b>3%</b>

## 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	<b>1 144 144</b>
Additions	0	53 613	0	<b>53 613</b>
Amortisation	0	-32 912	-6 411	<b>-39 323</b>
Currency translation differences	45 334	41 552	2 501	<b>89 387</b>
<b>Carrying value as of 30.06.2022</b>	<b>660 518</b>	<b>558 832</b>	<b>28 471</b>	<b>1 247 821</b>

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	<b>623 514</b>
Additions	34 932	9 951	<b>44 883</b>
Remeasurements	0	2 041	<b>2 041</b>
Depreciation	-28 462	-10 256	<b>-38 718</b>
Currency translation differences	5 267	2 127	<b>7 394</b>
<b>Carrying value as of 30.06.2022</b>	<b>524 053</b>	<b>115 061</b>	<b>639 114</b>

## Note 6 Equity instruments

### Nikola Corporation

(Book value in NOK thousands)	Shareholding <sup>1)</sup>	Fair value		USD/NOK	Book value <sup>3)</sup>
		USD/per share	USD value <sup>2)</sup>		
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
<b>Carrying value of 01.01.2022</b>	<b>1 106 520</b>	<b>9.87</b>	<b>10 921</b>	<b>8.82</b>	<b>96 320</b>
Fair value adjustment Q1 2022	0	0.84	929	-0.07	7 350
Fair value adjustment Q2 2022	0	-5.95	-6 584	1.22	-51 195
<b>Carrying value as of 30.06.2022</b>	<b>1 106 520</b>	<b>4.76</b>	<b>5 267</b>	<b>9.96</b>	<b>52 475</b>

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 Nikola Motor Company Inc. shares was 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		Fair value	
		NOK/per share	NOK/per share	NOK/per share	Book value <sup>1)</sup>
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
<b>Carrying value of 01.01.2022</b>	<b>12 359 109</b>	<b>1.12</b>	<b>38.18</b>		<b>471 871</b>
Fair value adjustment Q1 2022			19.12		236 306
Fair value adjustment Q2 2022			-3.40		-42 021
<b>Carrying value as of 30.06.2022</b>	<b>12 359 109</b>	<b>1.12</b>	<b>53.90</b>		<b>666 156</b>

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		Fair value	
		NOK/per share	NOK/per share	NOK/per share	Book value <sup>1)</sup>
Carrying value of 01.01.2021	114 000	29.39			0
Capital increase		6.14			700
Sale of shares	-114 000	-35.53			-700
Purchase of shares	98 040	5.83			572
Stock split	9 705 960	-5.77			
<b>Carrying value of 01.01.2022</b>	<b>9 804 000</b>	<b>0.06</b>	<b>0.06</b>		<b>572</b>
Fair value adjustment Q1 2022			2.52		24 722
Fair value adjustment Q2 2022			-0.60		-5 884
<b>Carrying value as of 30.06.2022</b>	<b>9 804 000</b>	<b>0.06</b>	<b>1.98</b>		<b>19 410</b>

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

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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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