

Fourth quarter 2022 results presentation

28 February 2023

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Agenda

1. Nel in brief
2. Q4 2022 highlights
3. Commercial developments
4. Strategy update
5. Summary
6. Q&A





This is Nel

Leading pure play
hydrogen technology
company with a global
presence, specializing in
electrolyser technology and
hydrogen fueling
equipment

We unlock the potential of
renewables and enable
global decarbonization

THIS IS NEL

Leading pure play hydrogen technology company with a global footprint



Listed on the Oslo Stock Exchange (NEL.OSE)
since 2014



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

Alkaline prod. capacity: ~500 MW → ~1 GW /year
PEM prod. capacity: ~50 → ~500 MW/year



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



~600 Employees



Preferred partner with
industry leaders



NOK 3.1 billion in cash reserves

2. Q4 2022 highlights

Q4 2022

Highlights

Financial results and financing

Revenues

NOK 414 million

EBITDA

NOK -216 million

Order intake

NOK 982 million

Order backlog

NOK 2 613 million

Cash balance

NOK 3 139 million

Key developments in Q4 2022

- NOK ~600m purchase order from Woodside Energy for a project in Oklahoma, US
- NOK ~120m purchase order from Statkraft
- USD ~7m capacity reservation agreement from a US energy company for 16 hydrogen fueling stations
- Joint Development Agreement with General Motors for PEM stack development
- USD ~6m in funding from US Department of Defence for accelerating advanced PEM electrolyser stack development

Subsequent events

- NOK ~125m purchase order from HyCC for a project in Netherlands
- Investment decision to automate and expand PEM production capacity to 500 MW

Financial highlights

NOK million	Q4 2022	Q4 2021	FY 2022	FY 2021	y/y Change
Revenue and operating income	414 ¹⁾	248	994	798	25%
EBITDA	-216 ¹⁾	-168	-780	-475	-64%
EBIT	-591 ^{1),2)}	-197	-1 279	-583	-119%
Pre-tax income (loss)	-731 ^{1),2),3)}	-281	-1 187	-1 684	30%
Net income (loss)	-721 ^{1),2),3)}	-269	-1 171	-1 667	30%
Net cash flow from operating activities	-194	-102	-691	-449	-54%
Cash balance at end of period	3 139	2 723	3 139	2 723	15%

1) Includes a NOK 20 million warranty in Fueling related to compensation from supplier for replacement of equipment

2) Includes impairment of Goodwill of NOK 296 million of the fueling division, and impairment of other technology (intangible assets) in Fueling of NOK 31 million

3) Includes a net fair value adjustment of financial instruments of NOK -108 million and currency exchange loss of -63 million

Segment Financials

Electrolyser division (NOK million)	Q4 2022	Q4 2021	Change	FY 2022	FY 2021	Change
Revenue and operating income	311	178	75%	748	466	61%
EBITDA	-66	-70	6%	-304	-210	-45%
Order intake	902	338	167%	1 978	763	159%
Order backlog	2 224	937	137%			

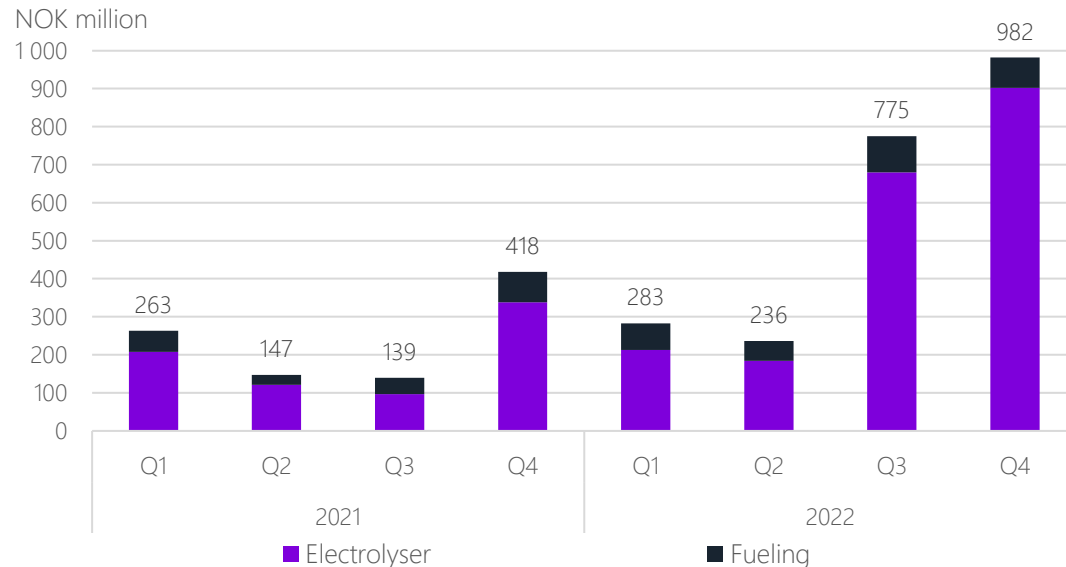
- Revenues up due to increased production and sales of alkaline electrolyzers and catch-up on shipments of industrial PEM products
- Results negatively impacted by low-margin contracts signed in 2020/2021, inflationary pressure on previously non-hedged components, sub-optimal project execution, and increased personnel expenses
- Revenues and margins expected to improve when contracts signed in H2'2022 reach revenue recognition (from H2-23 and onwards)

Fueling division (NOK million)	Q4 2022	Q4 2021	Change	FY 2022	FY 2021	Change
Revenue and operating income	103 ¹⁾	71	45%	245	332	-26%
EBITDA	-116 ¹⁾	-64	-81%	-352	-169	-108%
Order intake	81	80	0%	297	205	45%
Order backlog	388	293	32%			

- Quarterly revenues up due to catch-up on previously postponed deliveries
- Results negatively impacted by increased cost for stations under warranty and fixed rate service contracts due to increased utilisation
- Nel, as well as the rest of the hydrogen fueling industry, is working to mature the technology and therefore investing heavily in service & maintenance and increased product robustness and reliability. Nel will continue to incur high costs related to these activities going forward

Order intake and backlog

Order intake

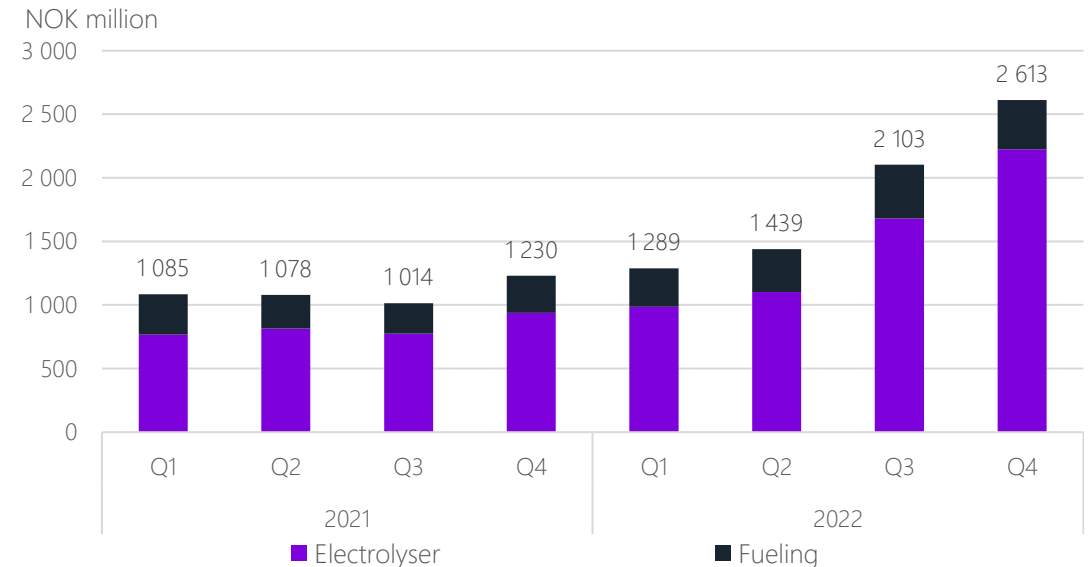


Order intake in Q4 2022: NOK 982 million **up 135% y/y**
 - Electrolyser: NOK 902 million **up 167% y/y**
 - Fueling: NOK 81 million **flat y/y**

Full year 2022 order intake: NOK 2 275 million **up 135% y/y**

Order intake expected to vary between quarters as order size increases

Order backlog



Order backlog as of Q4 2022: NOK 2 613 million **up 112% y/y**
 - Electrolyser: NOK 2 224 million **up 137% y/y**
 - Fueling: NOK 388 million **up 32% y/y**

The order backlog is subject to risk, such as delays and/or cancellations

3. Commercial developments

Woodside Energy H2OK project, Nel's largest contract so far



- Client: Woodside Energy
- Value: NOK ~600 million
- Woodside Energy is a global energy company headquartered in Australia
- The electrolyser will be used for liquid hydrogen production in Oklahoma, US, for major transport companies
- The contract includes stack, BoS, and engineering and is expected to have a substantial positive impact on Nel's financials

40 MW order from Statkraft paving the way for green hydrogen in Norway



- Client: Statkraft
 - Value: NOK ~120 million
 - Size: 40 MW
-
- Statkraft is Europe's largest producer of renewable energy
 - The electrolyser equipment will be used to produce green hydrogen in one of Statkraft's many hydrogen projects
 - Statkraft's ambition is to have a production capacity of 2 GW renewable hydrogen by 2030

Capacity reservation agreement for 16 fueling stations from a US energy company



- Client: Undisclosed US-based
- Value: USD ~7 million
- Nel has reserved capacity and started sourcing long-lead items
- The manufacturing of the equipment will commence when a final PO is signed
- A final purchase order (including the CRA fee) is estimated to be worth USD ~17m

Signed a joint development agreement with GM to accelerate PEM development



- General Motors has invested substantially in fuel cell technology
- Combining GM's and Nel's knowledge the two companies are looking to reduce the cost and increase the efficiency of Nel's PEM electrolyzers
- Cheaper and better electrolyzers will in turn make it cheaper to fuel GM's hydrogen vehicles

40 MW purchase order from HyCC for production of Sustainable Aviation Fuel (SAF)



- Client: HyCC
- Value: NOK ~125 million
- Size: 40 MW
- HyCC is a Netherlands-based company specialising in hydrogen production
- The client has received environmental permit for a project in Delfzijl and is working towards an FID in 2024
- Kraftanlagen Energies & Services has been contracted for the FEED study related to the project

Signed a Letter of Intent with HH2E for potential 120 MW capacity in Germany



- Client: HH2E
- Size: 2x60 MW plants
- HH2E is a German hydrogen production company developing a portfolio of projects
- The Lol and related FEED is for two of Germany's largest electrolyser projects announced to date
- HH2E has an ambition of 4GW green hydrogen production capacity by 2030
- A final purchase order for electrolyser equipment intended in H1-23

Capacity expansion progress

- Construction of Herøya Line 2 (~500 MW) is running according to plan
- Expansion of production capacity in Wallingford to be increased to ~500 MW by 2025 (Capex of NOK ~260 million)
- Site selection process for US Gigafactory in final phase
 - Three finalist sites across three states
 - Decision to be made shortly



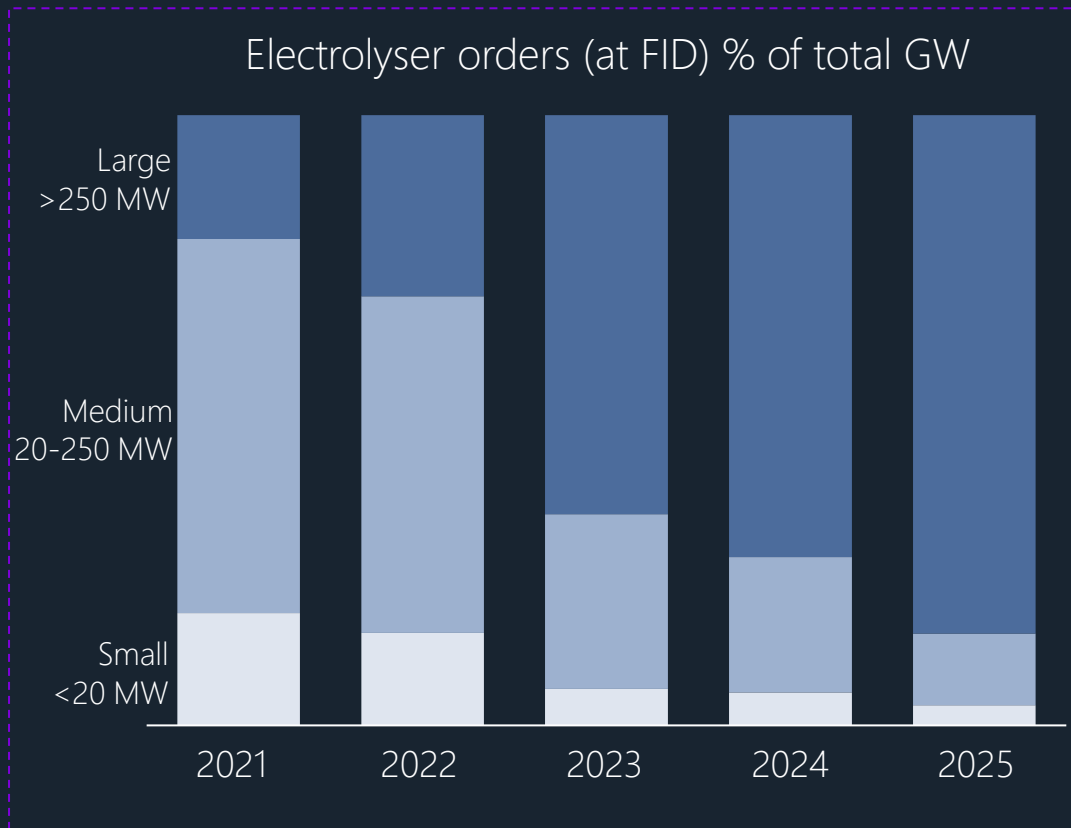
4. Strategy update

Electrolyser strategy

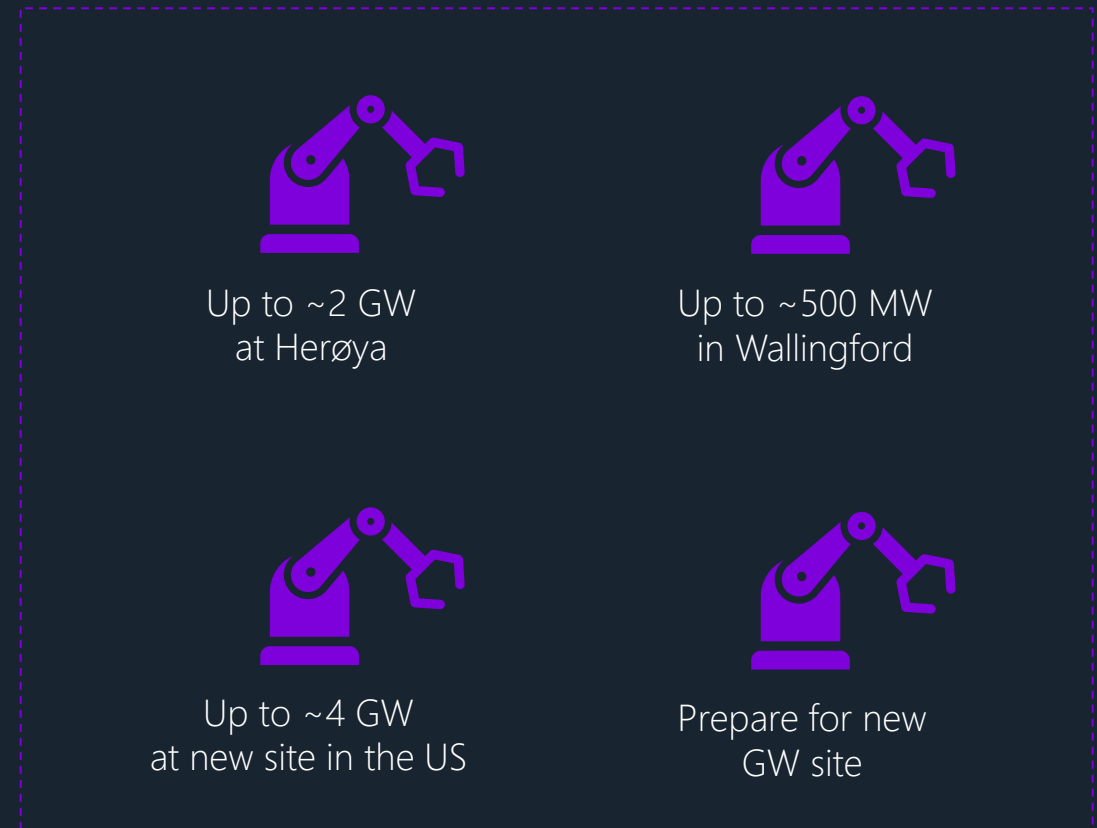
- The electrolyser industry is going from small- to large-scale
 - Several large-scale purchase orders placed
 - Policy support mechanisms in place to drive further growth
- Nel aims to capture 20-30% (excluding China) of the market by:
 - Rapidly scaling manufacturing capacity in line with market demand
 - Offering the best technology at a competitive and market enabling price
 - Adapting its business model to create required execution focus



Moving from small- to large-scale

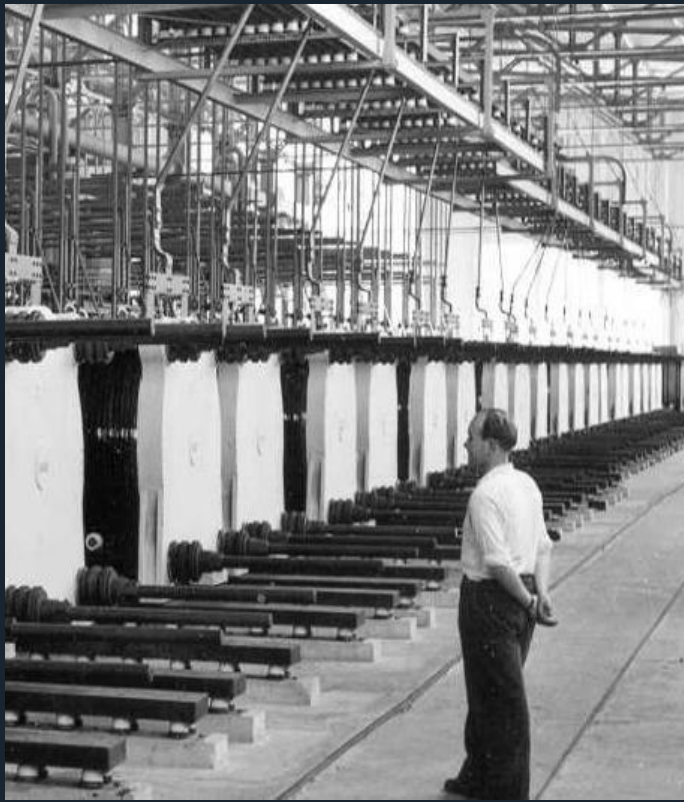


Market shifting from small to large-scale projects



Capacity to be scaled in line with demand

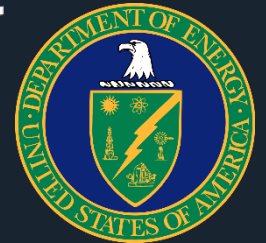
Beat competition on knowledge and cooperation



Unrivalled track record with almost 100 years of electrolyser experience

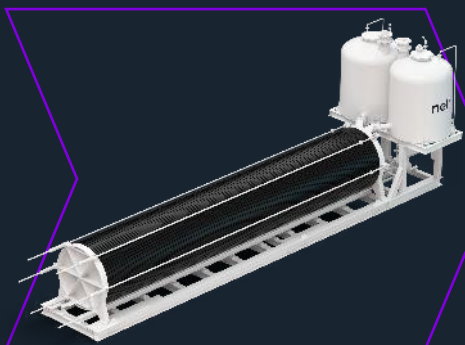


The deepest hydrogen competence in the industry

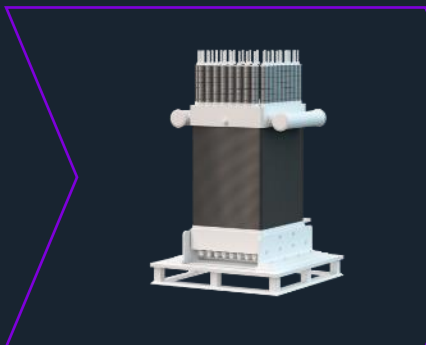


Collaboration with customers and partners that make Nel better

Offer the best technology with lowest cost of production (LCOH)

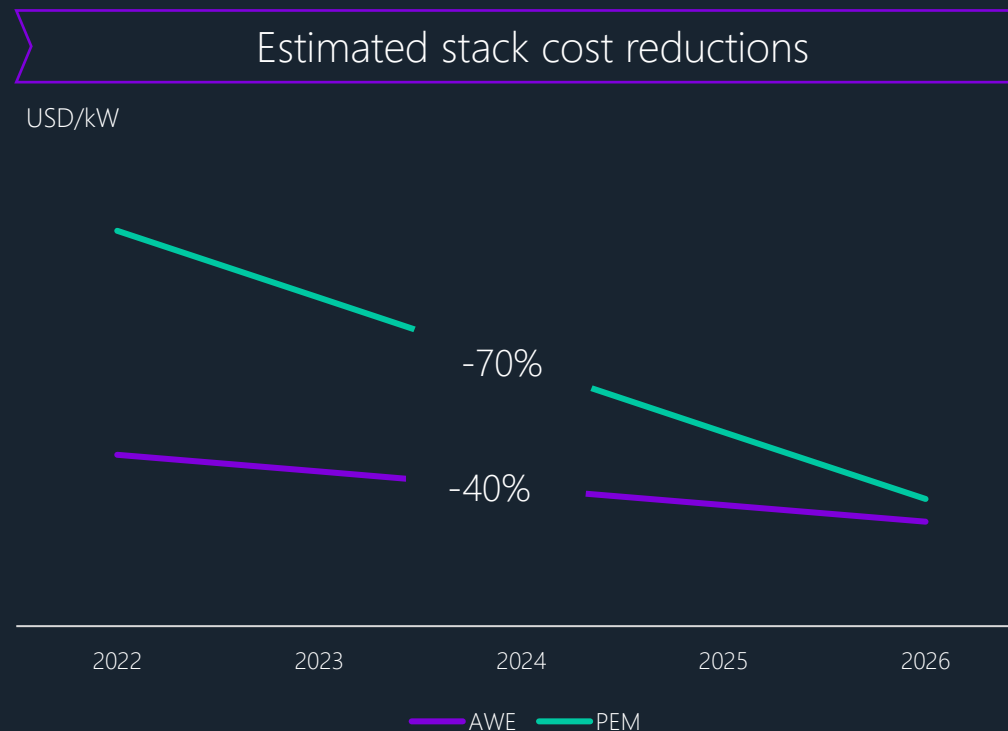


Next
generation
AWE



Next
generation
PEM

Continue to invest in AWE and PEM and develop the most efficient and reliable electrolyser technology



Significantly reduce electrolyser stack cost

Focus on what we do best



Fueling strategy

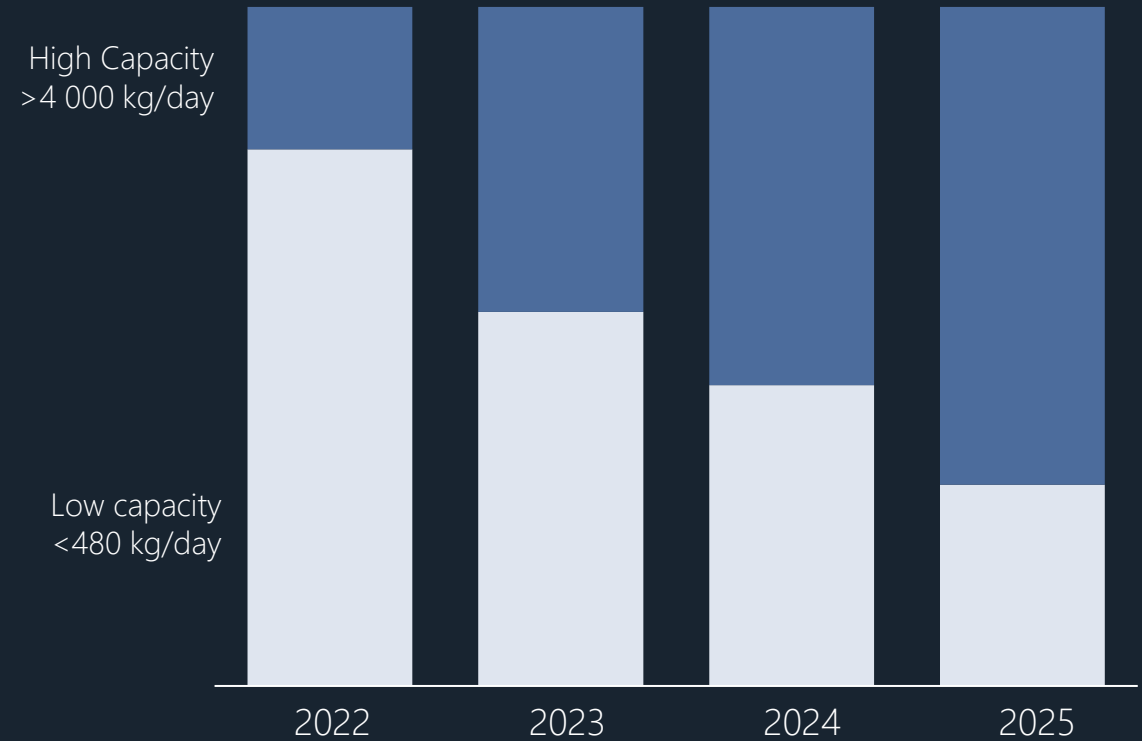
- Nel continues to see short-term challenges in its Fueling division
 - Unfocused market approach has led to high organizational and operational complexity driving cost
 - Immature and non-standardized technology has resulted in high quality costs, which increase with higher station utilization
- However, the market potential for heavy-duty fueling is high
 - Global efforts to decarbonize the transport sector increases demand for high-capacity hydrogen fueling stations
 - Some of the largest energy companies in the world, which are Nel customers, have made long-term commitments to developing this infrastructure
- Nel will capitalize on a highly experienced workforce and market-leading fueling technology by
 - Reducing complexity and transitioning towards standardized high-capacity products
 - Assessing strategic partnerships and alternatives to improve the business case



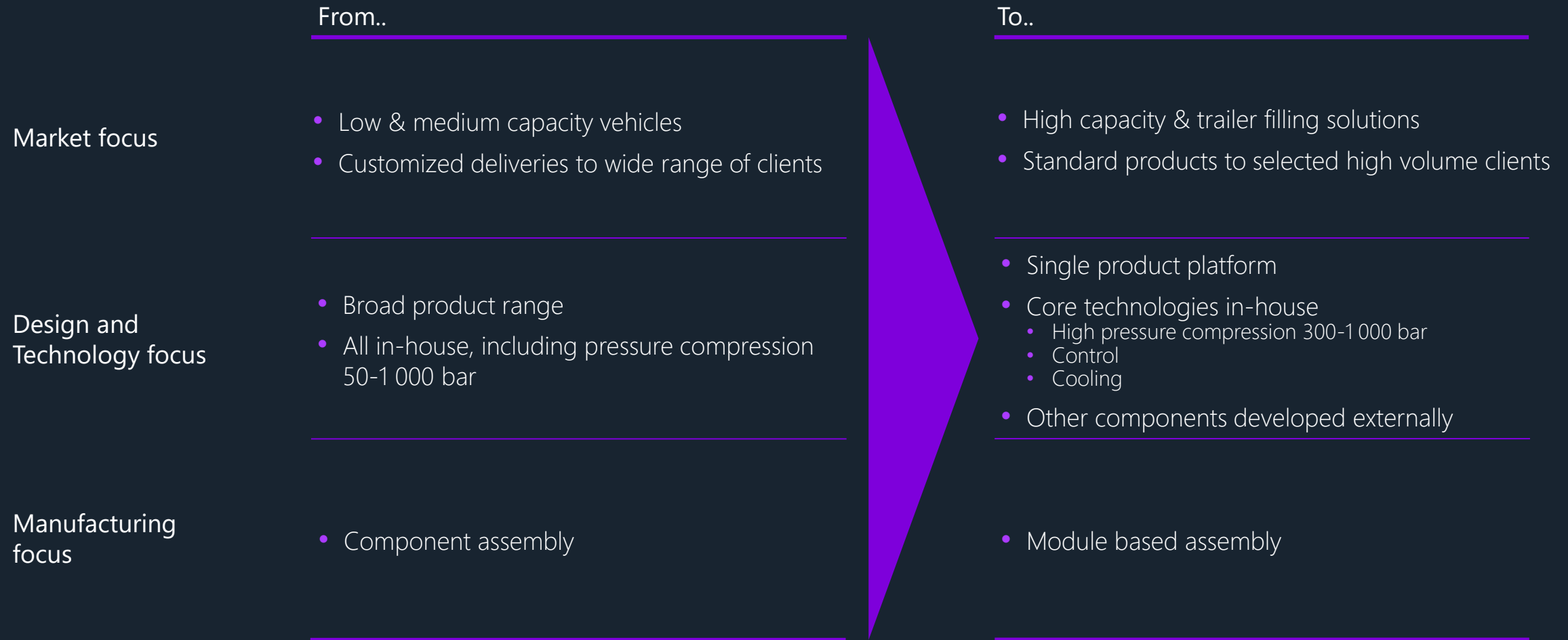
Hydrogen fueling market is moving towards high-capacity solutions

- Demand for high-capacity fueling stations for heavy duty vehicles is expected to grow and become the largest market segment
- Nel will focus on developing the best product offering in this segment

Annual installations 2022-2025



Reducing complexity and transitioning towards standardized high-capacity products



5. Summary

Fourth quarter 2022 summary



20-30% market share
ambition for electrolyzers



Joint Development Agreement
with GM to accelerate PEM
development



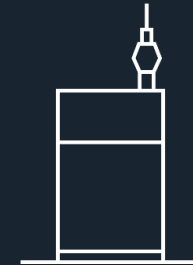
Strategic shift in Fueling division to
reduce complexity and improve
profitability



Record high order intake and
backlog, including the largest
contract so far



Line two at Herøya on track → 1 GW
Wallingford expansion decided → 500 MW



CRA for 16 Fueling stations
in the US

number one by nature