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# Nel ASA

Q1 2023 report

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## Highlights

- Nel ASA (Nel) reported revenue and operating income in the first quarter 2023 of NOK 359 million, up 68% from the first quarter 2022 (Q1 2022: 213). All segments, Fueling, PEM electrolysers and alkaline electrolysers experienced strong growth compared to the same quarter last year.
- Order intake in the quarter amounted to NOK 580 million (96% from electrolyser), up 105% from the same quarter last year (Q1 2022: 283).
- At quarter end, Nel had a record high order backlog of NOK 2 913 million (88% related to electrolyser), up 126% from the first quarter of 2022, and up 12% compared to the previous quarter.
- EBITDA of NOK -121 million (Q1 2022: -152) driven by high losses in Fueling, low margins on electrolyser projects signed in 2020/2021 and increased personnel expenses to prepare for large-scale projects.
- Net loss of NOK -192 million (Q1 2022: 84), mainly related to loss from operations and a net negative unrealised fair value adjustment from shareholdings of NOK -76 million. Same quarter last year had a positive unrealised fair value adjustment from shareholdings of NOK 270 million.
- Cash balance of NOK 4 621 million (Q1 2022: 3 940) following a successful private placement during the quarter which raised NOK 1 609 million in gross proceeds.

## Key figures

(Amounts in NOK million)	Q1 2023	Q1 2022	2022
Revenue and operating income	359	213	994
Operating expenses <sup>2)</sup>	534	400	2 272
EBITDA	-121	-152	-780
Operating loss <sup>2)</sup>	-175	-187	-1 279
Pre-tax income (loss) <sup>1)2)</sup>	-194	82	-1 187
Net income (loss) <sup>1)2)</sup>	-192	84	-1 171
Net cash flow from operating activities	-29	-159	-691
Cash balance end of period	4 621	3 940	3 139
Order intake	580	283	2 275
Order backlog	2 913	1 289	2 613

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

2) Operating expenses includes NOK 327 million impairment in Fueling in year 2022.

## Key press releases during the quarter and subsequent events

### Corporate

- Nel ASA sold all its shares in Hyon AS for a total consideration of about NOK 7 million.
- Raised NOK 1 609 million in gross proceeds from a successful private placement.

### Nel Hydrogen Electrolyser

Electrolyser received purchase orders for:

- 40 MW of alkaline electrolyser in Netherlands focused on renewable hydrogen for aviation sector. Value approximately EUR 12 million.
- 120 MW of alkaline electrolyser in Germany producing renewable hydrogen for several purposes. Value approximately EUR 34 million.
- Final investment decision taken to expand the production capacity at the PEM electrolyser manufacturing facility in Wallingford, Connecticut. The expansion will bring annual production capacity towards 500 MW in 2025. Investment cost estimated at approximately NOK 260 million.

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

[Press releases | Nel Hydrogen](#)

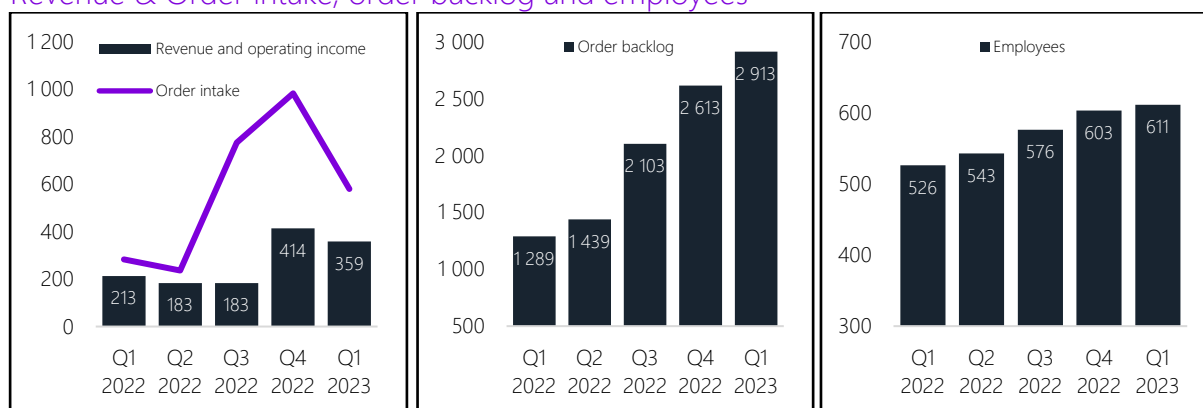
## Financial development

### Group

#### Key figures

(NOK million)	Q1 2023	Q1 2022	Change	2022
Revenue and operating income	359	213	68%	994
Operating expenses	534	400	34%	2 272
EBITDA	-121	-152		-780
Order intake	580	283	105%	2 275
Order backlog	2 913	1 289	126%	2 613
Employees	611	526	16%	603
Total assets	8 492	7 565	12%	6 951

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



Nel reported 68% increase in revenue compared to the same quarter last year. Electrolyser increased 75% and Fueling increased 50%. Electrolyser is the largest segment in Nel and constitutes 77% (Q1 2022: 75%) of total revenue this quarter. The increase in order backlog is mainly explained by a large purchase order for alkaline electrolyser equipment received from HH2E of about NOK 360 million.

Nel is committed to building the organizational and production capacity to meet expected market growth, while simultaneously delivering on increasingly larger and more complex projects. This continues to impact the quarterly results.

At Nel, setting up project protocols, partnerships, and systems are still in its early stages. While the company has made notable improvements in ability and effectiveness, further developments are necessary to secure margins and increase profitability. Despite being the company with the most experience in this field, both Fueling and Electrolyser segments face execution challenges.

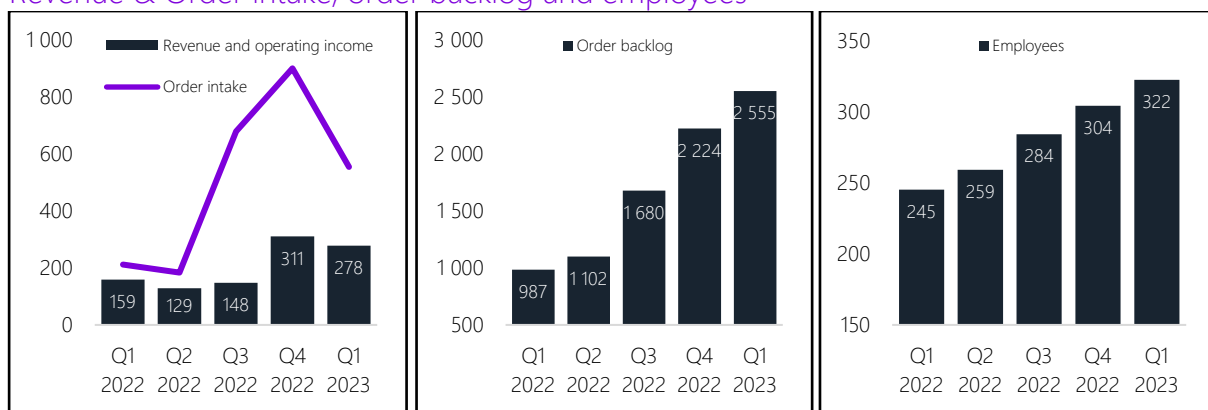
The company's amended electrolyser strategy on large projects is to narrow the scope and concentrate on stacks and balance-of-stacks. As projects grow in size, Nel is partnering with world-class EPC companies. This allows Nel to focus on its core scope while bringing a competitive solution for the hydrogen production system to the customer. The reduction of scope will reduce execution risk and improve margins for the equipment produced and sold. Similarly, Nel's Fueling division has narrowed its technology development focus and will increasingly work with partners on the core development necessary for high capacity fueling.

## Nel Hydrogen Electrolyser

### Key figures

(Amounts in NOK million)	Q1 2023	Q1 2022	Change	2022
Revenue and operating income	278	159	75%	748
Operating expenses	352	240	46%	1 168
EBITDA	-34	-60		-304
Order intake	555	213	161%	1 978
Order backlog	2 555	987	159%	2 224
Employees	322	245	32%	304
Total assets	2 677	1 906	40%	2 427

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



Nel Hydrogen Electrolyser reported 75% increase in revenue and operating income compared to the same quarter last year. Growth in alkaline electrolyzers was strong as Nel continued the deliveries of electrolyser equipment from the manufacturing facility at Herøya in Norway according to plan. Same quarter last year was the first quarter of deliveries from Herøya, and volumes have increased significantly since then. Revenues from sales of alkaline electrolyzers increased 145% compared to the same quarter last year, and quarterly sales of PEM electrolyzers increased 9% from Q1 2022.

The electrolyser segment again reported an all-time high order backlog of NOK 2 555 million. Overall demand is increasing, projects are getting larger, and customers are increasingly looking towards suppliers with available capacity and a track record for delivering equipment.

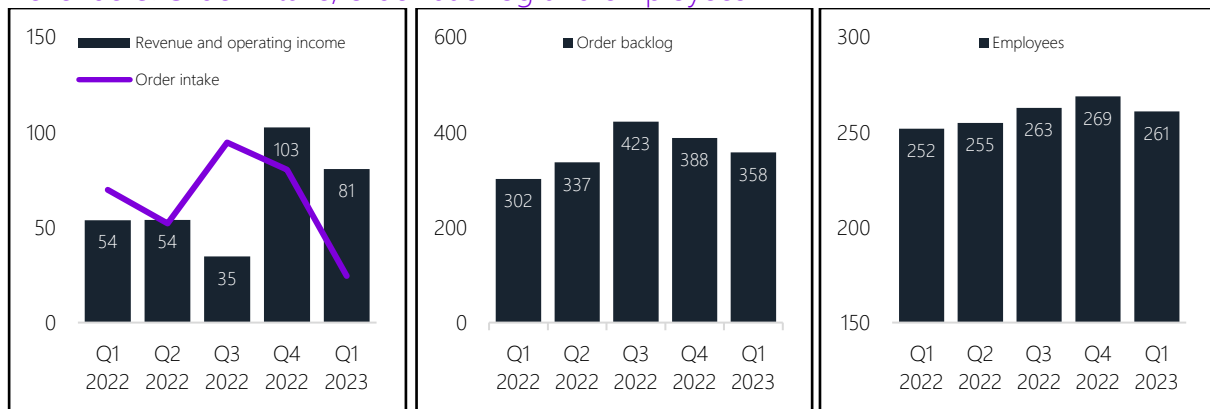
EBITDA continues to be negative for electrolyser as establishing project execution protocols, partnerships and systems is at an early stage at Nel. Nel is preparing for delivery of large-scale projects in the coming years. While significant improvements have been made in our ability and effectiveness in executing projects for our clients, continuous improvements are required in order to safeguard margins and increase profitability. Bringing new technologies to the market in the form of industrial projects of increasing size and complexity is very challenging. Nel is focused on increasing its efficiency and margins in project execution over time, but a confluence of factors negatively impacted operating performance in the quarter. In addition, Nel reports this quarter mainly on projects that were signed in previous years when market conditions were less favourable than today.

## Nel Hydrogen Fueling

### Key figures

(Amounts in NOK million)	Q1 2023	Q1 2022	Change	2022
Revenue and operating income	81	54	50%	245
Operating expenses	151	126	20%	972
EBITDA	-57	-60		-352
Order intake	25	70	-65%	297
Order backlog	358	302	19%	388
Employees	261	252	4%	269
Total assets	846	980	-14%	1 005

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



Although Nel Fueling continues to work with potential large framework orders, the division has had a low order intake for several quarters. The low order intake in past quarters has limited the revenue recognised and growth this quarter.

EBITDA in Fueling continues to be negative as the revenue in the quarter is low. There has been a large increase in the utilisation of many of Nel’s installed stations, enabling accelerated learnings and improvements in both product maturity and overall reliability. However, increased utilisation also leads to increases in cost for stations under warranty or fixed rate service contracts as components have to be replaced and service and maintenance costs increase. A hydrogen fueling station is a complex and relatively new technology. 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 high costs related to these activities going forward.

## Finance

(Amounts in NOK million)	Q1 2023	Q1 2022	2022
<b>Finance income</b>			
Interest income	32	9	72
Change in fair value financial instruments	1	270	20
Other	1	0	6
<b>Interest income and other finance income</b>	<b>33</b>	<b>279</b>	<b>98</b>
<b>Finance costs</b>			
Interest expense	-5	-3	-11
Net foreign exchange gain (loss)	30	-8	56
Change in fair value financial instruments	-77	0	-50
Other	0	0	-1
<b>Interest expense and other finance costs</b>	<b>-52</b>	<b>-10</b>	<b>-6</b>
<b>Net finance income (cost)</b>	<b>-20</b>	<b>268</b>	<b>92</b>

Nel reported finance income of NOK 33 million (Q1 2022: 279) in the quarter, including interest income of NOK 32 million (Q1 2022: 9) from cash and cash equivalents. Increase in interest income is caused by increased NOK interest rate in particular, and increased cash balance. The same quarter last year has a positive impact by changes in fair value of financial instruments, which mainly comprise change in fair value of shareholdings of NOK 268 million.

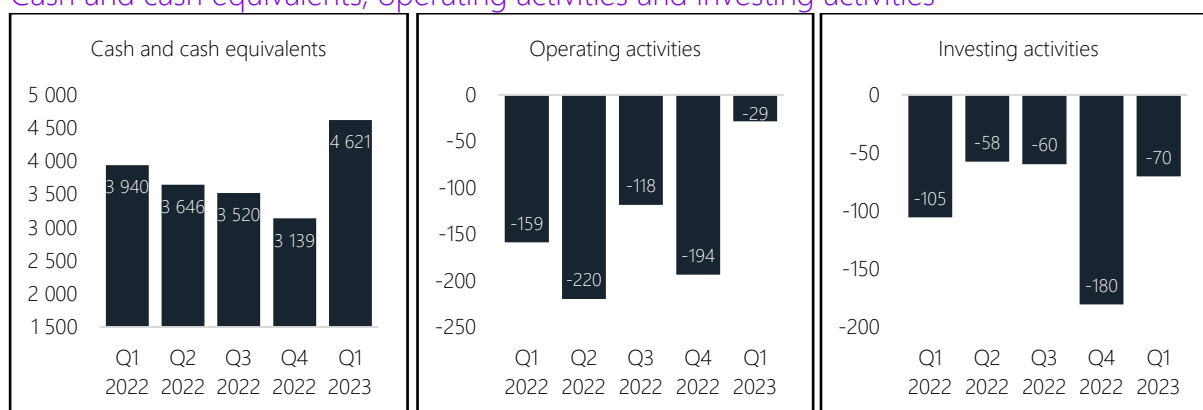
Finance costs in the quarter were NOK -52 million compared to NOK -10 million in the same quarter last year. The net change in fair value of shareholdings had a negative effect of NOK -77 million this quarter (Q1 2022: NOK 0 million), mainly due to change in fair value of Nel's shareholding in Everfuel of NOK -69 million. First quarter 2023 includes NOK 31 million (Q1 2022: -6) in currency exchange gain resulting from revaluing internal loans, caused by a weaker NOK against USD and EUR.



## Cash

(Amounts in NOK million)	Q1 2023	Q1 2022	Change	2022
Net cash flow from operating activities	-29	-159	-82%	-691
Net cash flow from investing activities	-70	-105	-34%	-403
Net cash flow from financing activities	1 575	1 482	6%	1 495
Foreign currency effects on cash	6	0		14
<b>Net change in cash</b>	<b>1 483</b>	<b>1 217</b>	<b>22%</b>	<b>416</b>
Cash and cash equivalents OB	3 139	2 723	15%	2 723
<b>Cash and cash equivalents</b>	<b>4 621</b>	<b>3 940</b>	<b>17%</b>	<b>3 139</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. Changes in net working capital increased cash by NOK 22 million (Q1 2022: 8) in the quarter.

The investing activities in the first quarter 2023 included net NOK 17 million (Q1 2022: 54) in changes to 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 77 million (Q1 2022: 22) in the quarter. Other investment activities included capitalised internal development of next generation fueling stations and electrolysers for a total of NOK 33 million (Q1 2022: 29) this quarter.

Nel reported net finance activities of NOK 1 575 million (Q1 2022: 1 482). Finance activities are positively impacted this quarter by a successful private placement in Nel on March 6, 2023, raising NOK 1 609 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. These risks could occur individually or simultaneously. There are no significant changes in the risks and uncertainty factors described in our Annual Report 2022.

## 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. Industrial applications represent the most promising near-term opportunities. Projects are expected to commence first in mature markets, before large greenfield installations integrated with renewable energy sources gradually are expected to become another important market segment.

As customers are increasingly looking to secure supply of electrolysers from high-quality suppliers, fearing that future supply could be constrained, market dynamics have improved for Nel. Nel is now able to negotiate large contracts with more favourable terms and conditions for projects that will be realised several years into the future, and the order book continues to grow.

Nel is in a good position to maintain its lead in electrolysers. Nel's production capability is an important differentiating factor short- to mid-term. Based on a large and growing pipeline of opportunities and improved funding schemes in both the EU and the US, Nel expects to win several new large-scale orders in the coming periods. Higher revenues in combination with better scoping and improved pricing of individual contracts in combination with more efficient execution are expected to yield greater profitability in Electrolyser in the years to come, as revenue from projects is recognized over time from execution to completion. This positive market outlook drives Nel's continued investments in engineering, projects, and related personnel, which continues to negatively affect current results. It should be noted that the increasing size of projects leads to a long preparation and negotiation phase with significant engineering work, only a portion of which is billable to the customer. The remaining portion continues to be an investment in the future execution capability of Nel. Despite the positive market momentum, order intake is likely to vary significantly from quarter to quarter. The order backlog is subject to risks, including delays and cancellations.

In Fueling, the current market dynamics and outlook are different than in Electrolyser. The long-term market outlook is positive, but short-term demand continues to be challenging. Nel has high-quality energy companies on its customer list that believes that tomorrow's heavy-duty vehicles will be powered by green hydrogen. These clients want Nel to continue as a provider of hydrogen fueling equipment to secure sufficient supply and contribute to technology developments. Margins in the Fueling division are currently low as quality costs related to the installed base increase with higher utilisation. This will continue until the performance of the installed base has been stabilized. Nel is dissatisfied with the profitability in its Fueling division and is implementing operational and strategic actions to improve performance and profitability.

Oslo, 27 April 2023  
The Board of Directors

Ole Enger  
Chair  
(Electronically signed)

Beatriz Malo de Molina  
Board member  
(Electronically signed)

Charlotta Falvin  
Board member  
(Electronically signed)

Arvid Moss  
Board member  
(Electronically signed)

Hanne Blume  
Board member  
(Electronically signed)

Tom Røtjer  
Board member  
(Electronically signed)

Jens Bjørn Staff  
Board member  
(Electronically signed)

Håkon Volldal  
CEO  
(Electronically signed)

## Condensed interim financial statements

### Consolidated statement of comprehensive income (unaudited)

(Amounts in NOK thousands)	Note	Q1 2023	Q1 2022	2022
<b>Revenue and operating income</b>				
Revenue from contracts with customers		354 949	197 297	914 853
Other operating income		3 943	15 841	78 728
<b>Total revenue and operating income</b>	<b>3</b>	<b>358 892</b>	<b>213 138</b>	<b>993 581</b>
<b>Operating expenses</b>				
Raw materials		168 098	144 617	584 815
Personnel expenses		187 043	150 972	664 815
Depreciation, amortisation and impairment	4, 5	54 166	34 187	498 781
Other operating expenses		124 396	69 971	523 824
<b>Total operating expenses</b>		<b>533 703</b>	<b>399 747</b>	<b>2 272 235</b>
<b>Operating loss</b>		<b>-174 811</b>	<b>-186 609</b>	<b>-1 278 654</b>
Finance income	6	32 964	278 921	97 629
Finance cost	6	-52 495	-10 461	-5 972
<b>Net financial items</b>		<b>-19 531</b>	<b>268 460</b>	<b>91 657</b>
<b>Pre-tax income (loss)</b>		<b>-194 342</b>	<b>81 851</b>	<b>-1 186 997</b>
Tax expense (income)		-2 146	-1 892	-15 828
<b>Net income (loss)</b>		<b>-192 196</b>	<b>83 743</b>	<b>-1 171 169</b>
<b>Items that are or may subsequently be reclassified to income statement:</b>				
Currency translation differences		51 406	-15 461	65 035
Cash flow hedges, effective portion of changes in fair value		-44 803	3 794	-6 900
Cash flow hedges, reclassified		15 552	-2 944	-6 848
<b>Other comprehensive income</b>		<b>22 155</b>	<b>-14 611</b>	<b>51 287</b>
<b>Total comprehensive income</b>		<b>-170 041</b>	<b>69 132</b>	<b>-1 119 882</b>
Basic EPS (figures in NOK) <sup>1)</sup>		-0.12	0.06	-0.76
Diluted EPS (figures in NOK) <sup>1)</sup>		-0.12	0.06	-0.76
Weighted average number of outstanding shares (million)		1 593	1 470	1 538

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	31.03.2023	31.12.2022
<b>ASSETS</b>			
Intangible assets	4	986 627	934 456
Property, plant and equipment	5	863 131	785 488
Other non-current assets		293 292	252 958
<b>Total non-current assets</b>		<b>2 143 050</b>	<b>1 972 902</b>
Inventories		592 785	504 595
Trade receivables		417 313	460 735
Contract assets		76 643	96 322
Other current assets	6	640 787	777 408
Cash and cash equivalents		4 621 213	3 138 550
<b>Total current assets</b>		<b>6 348 741</b>	<b>4 977 610</b>
<b>TOTAL ASSETS</b>		<b>8 491 791</b>	<b>6 950 512</b>
<b>EQUITY AND LIABILITIES</b>			
Shareholders' equity		6 866 620	5 449 607
<b>Total equity</b>		<b>6 866 620</b>	<b>5 449 607</b>
Deferred tax liability		46 128	45 529
Long-term debt		23 998	22 431
Lease liabilities		176 524	170 177
Other non-current liabilities		88 987	71 151
<b>Total non-current liabilities</b>		<b>335 637</b>	<b>309 288</b>
Trade payables		158 807	201 744
Lease liabilities		39 427	30 438
Contract liabilities		762 753	672 291
Other current liabilities		328 547	287 144
<b>Total current liabilities</b>		<b>1 289 534</b>	<b>1 191 617</b>
<b>Total liabilities</b>		<b>1 625 171</b>	<b>1 500 905</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>8 491 791</b>	<b>6 950 512</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)	Q1 2023	Q1 2022	2022
<b>Cash flow from operating activities</b>			
Pre-tax income (loss) <sup>1)</sup>	-194 342	81 851	-1 186 998
Depreciation, amortisation and impairment	54 166	34 187	498 782
Change in net working capital <sup>2)</sup>	22 436	8 081	37 242
Other adjustments <sup>3)</sup>	89 218	-282 898	-39 606
<b>Net cash flow from operating activities</b>	<b>-28 522</b>	<b>-158 779</b>	<b>-690 580</b>
<b>Cash flow from investment activities</b>			
Purchases of property, plant and equipment	-76 877	-22 453	-160 486
Payments for capitalised technology	-32 591	-29 143	-118 251
Purchases of other investments <sup>4)</sup>	-29 648	-53 887	-206 450
Investments in other financial assets	0	0	-5 296
Investments in associates and joint ventures	0	0	-1 160
Proceeds from sales of other investments <sup>4)</sup>	69 009	0	88 555
<b>Net cash flow from investing activities</b>	<b>-70 107</b>	<b>-105 483</b>	<b>-403 088</b>
<b>Cash flow from financing activities</b>			
Interest paid <sup>5)</sup>	-3 735	-2 616	-11 166
Gross cash flow from share issues	1 609 200	1 500 000	1 545 866
Transaction costs connected to share issues	-23 579	-11 663	-23 426
Payment of lease liabilities	-5 918	-3 210	-14 400
Payment of non-current liabilities	-511	-745	-1 889
<b>Net cash flow from financing activities</b>	<b>1 575 457</b>	<b>1 481 766</b>	<b>1 494 985</b>
Foreign currency effects on cash	5 835	-237	14 464
<b>Net change in cash and cash equivalents</b>	<b>1 482 663</b>	<b>1 217 267</b>	<b>415 781</b>
Cash and cash equivalents beginning of period	3 138 550	2 722 769	2 722 769
<b>Cash and cash equivalents</b>	<b>4 621 213</b>	<b>3 940 036</b>	<b>3 138 550</b>

1) The first quarter 2023 includes interest received of NOK 32 million (9).

2) Change in net working capital comprises changes in inventories, trade receivables, contract assets, contract liabilities and trade payables.

3) The first quarter 2023 includes a fair value adjustment of financial instruments of NOK -77 million. The fair value adjustment was NOK 270 million in the first quarter 2022.

4) Other investments comprise short-term shares and 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 31.12.2021	292 160	5 596 248	-81	68 591	-918 214	5 038 704
Net loss					-1 171 169	-1 171 169
Currency translation differences				65 035		65 035
Hedging reserve				-13 748		-13 748
Capital increase	20 505	1 501 935				1 522 440
Options and share program		3	-3		8 346	8 346
<b>Equity as of 31.12.2022</b>	<b>312 665</b>	<b>7 098 186</b>	<b>-84</b>	<b>119 878</b>	<b>-2 081 037</b>	<b>5 449 608</b>
Net loss					-192 196	-192 196
Currency translation differences				51 406		51 406
Hedging reserve				-29 251		-29 251
Capital increase	21 600	1 564 021				1 585 621
Options and share program					1 432	1 432
<b>Equity as of 31.03.2023</b>	<b>334 265</b>	<b>8 662 207</b>	<b>-84</b>	<b>142 033</b>	<b>-2 271 801</b>	<b>6 866 620</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 2022 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 2022.

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 2022 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 2022 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.

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 2023	Q1 2022	Change	2022
<b>Revenue and operating income</b>				
Nel Hydrogen Electrolyser	278 131	159 236	75%	748 359
Nel Hydrogen Fueling	80 761	53 902	50%	245 222
<b>Total</b>	<b>358 892</b>	<b>213 138</b>	<b>68%</b>	<b>993 581</b>
<b>EBITDA</b>				
Nel Hydrogen Electrolyser	-34 269	-59 926		-303 695
Nel Hydrogen Fueling	-57 491	-60 370		-351 703
Corporate <sup>1)</sup>	-28 885	-32 126		-124 475
<b>Total</b>	<b>-120 645</b>	<b>-152 422</b>		<b>-779 873</b>
<b>Investments <sup>2)</sup></b>				
Nel Hydrogen Electrolyser	99 882	42 344	136%	229 660
Nel Hydrogen Fueling	9 586	9 252	4%	54 373
<b>Total</b>	<b>109 468</b>	<b>51 596</b>	<b>112%</b>	<b>284 033</b>
<b>Total assets <sup>3)</sup></b>				
Nel Hydrogen Electrolyser	2 676 817	1 906 417	40%	
Nel Hydrogen Fueling	845 800	979 795	-14%	
Corporate	4 969 174	4 678 648	6%	
<b>Total</b>	<b>8 491 791</b>	<b>7 564 860</b>	<b>12%</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)	31.03.2023	31.03.2022	Change	31.12.2022	Change
Norway	627 830	480 741	31%	562 761	12%
Denmark	118 739	102 205	16%	111 225	7%
USA	113 439	45 946	147%	107 959	5%
South Korea	3 123	5 003	-38%	3 543	-12%
<b>Total</b>	<b>863 131</b>	<b>633 895</b>	<b>36%</b>	<b>785 488</b>	<b>10%</b>

## Note 4 Intangible assets

(Amounts in NOK thousands)	Goodwill	Technology	Customer relationship	Total
Carrying value of 01.01.2023	365 580	547 387	21 489	<b>934 456</b>
Additions	0	32 591	0	<b>32 591</b>
Amortisation	0	-13 327	-3 492	<b>-16 819</b>
Currency translation differences	19 132	16 327	940	<b>36 399</b>
<b>Carrying value as of 31.03.2023</b>	<b>384 712</b>	<b>582 978</b>	<b>18 937</b>	<b>986 627</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 01.01.2023	614 556	170 932	<b>785 488</b>
Additions	76 877	5 090	<b>81 967</b>
Remeasurements	0	7 089	<b>7 089</b>
Depreciation	-29 999	-7 348	<b>-37 347</b>
Currency translation differences	23 238	2 696	<b>25 934</b>
<b>Carrying value as of 31.03.2023</b>	<b>684 672</b>	<b>178 459</b>	<b>863 131</b>

## Note 6 Listed equity instruments

### Everfuel

(Book value in NOK thousands)	Shareholding <sup>1)</sup>	Acquisition cost NOK/per share	Fair value NOK/per share	Book value <sup>2)</sup>
Carrying value as of 01.01.2022	12 359 109	1.12	38.18	471 871
Sale of shares 2022	-218 854			-9 820
Fair value adjustment 2022			-2.28	-26 215
<b>Carrying value as of 31.12.2022</b>	<b>12 140 255</b>	<b>1.12</b>	<b>35.90</b>	<b>435 835</b>
Sale of shares Q1 2023	-422 671			-15 731
Fair value adjustment Q1 2023			-5.95	-69 163
<b>Carrying value as of 31.03.2023</b>	<b>11 717 584</b>	<b>1.12</b>	<b>29.95</b>	<b>350 942</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 <sup>1)</sup>	Acquisition cost NOK/per share	Fair value NOK/per share	Book value
Carrying value of 01.01.2022	9 804 000	0.06	0.06	572
Fair value adjustment 2022			1.42	13 889
<b>Carrying value as of 31.12.2022</b>	<b>9 804 000</b>	<b>0.06</b>	<b>1.48</b>	<b>14 461</b>
Fair value adjustment Q1 2023			-0.75	-7 387
Sale of shares Q1 2023	-9 804 000		0.72	-7 074
<b>Carrying value as of 31.03.2023</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</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. The Hyon shares were subject to a lock-up expired on January 20, 2023.

As of 24 January 2023, Nel has divested all its shares in Hyon AS for a total net consideration of about NOK 7 million.

## 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:

Q1 2023 Report

Published date:

27.04.2023

info@nelhydrogen.com

+47 23 24 89 50

Karenslyst allé 49, PB 199 Skøyen,  
0212 Oslo, Norway

The publication can be downloaded on

[nelhydrogen.com](https://www.nelhydrogen.com)