

Second quarter 2023 results presentation

18 July 2023

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Agenda

1. Nel in brief
2. Q2 2023 highlights
3. Commercial developments
4. Summary
5. 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

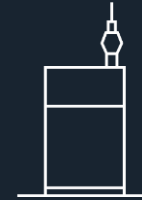
Leading pure play hydrogen technology company with a global footprint



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



Leading electrolyser 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



~620 employees



Preferred partner with
industry leaders



NOK 4.1 billion in cash reserves

2. Q2 2023 highlights

Q2 2023

Highlights

Financial results and financing

Revenues and income

NOK 475 million

EBITDA

NOK -138 million

Order intake

NOK 428 million

Order backlog

NOK 2 965 million

Cash balance

NOK 4 122 million

Key developments in Q2 2023

- Completed US site selection process, selected Michigan for the next Gigafactory
- USD 24 million contract for 16 fueling stations in California, US

Subsequent events

- Granted an additional USD 5.6 million in funding from the U.S. Department of Defense (DoD) for accelerating advanced PEM electrolyser stack development
- EUR 9 million contract for alkaline stacks and balance of stacks to Hyd'Occ in France
- EUR 11 million contract for alkaline stacks to Bondalti in Portugal

Financial highlights

NOK million	Q2 2023	Q2 2022	YTD 2023	YTD 2022
Revenue and income	475	183	834	396
EBITDA	-138	-197	-258	-350
<i>EBITDA margin</i>	-29%	-108%	-31%	-88%
EBIT	-194	-241	-368	-428
Pre-tax income (loss)	-345	-277	-539	-195
Net income (loss)	-342	-275	-535	-191
Net cash flow from operating activities	-306	-220	-334	-378
Cash balance at end of period	4 122	3 646		

Segment Financials

Electrolyser division (NOK million)	Q2 2023	Q2 2022	Change	YTD'23	YTD'22	Change
Revenue and income	391	129	202%	669	289	132%
EBITDA	-47	-83		-81	-143	
<i>EBITDA margin</i>	-12%	-64%		-12%	-49%	
Order intake	229	184	25%	784	397	98%
Order backlog	2 472	1 102	124%			

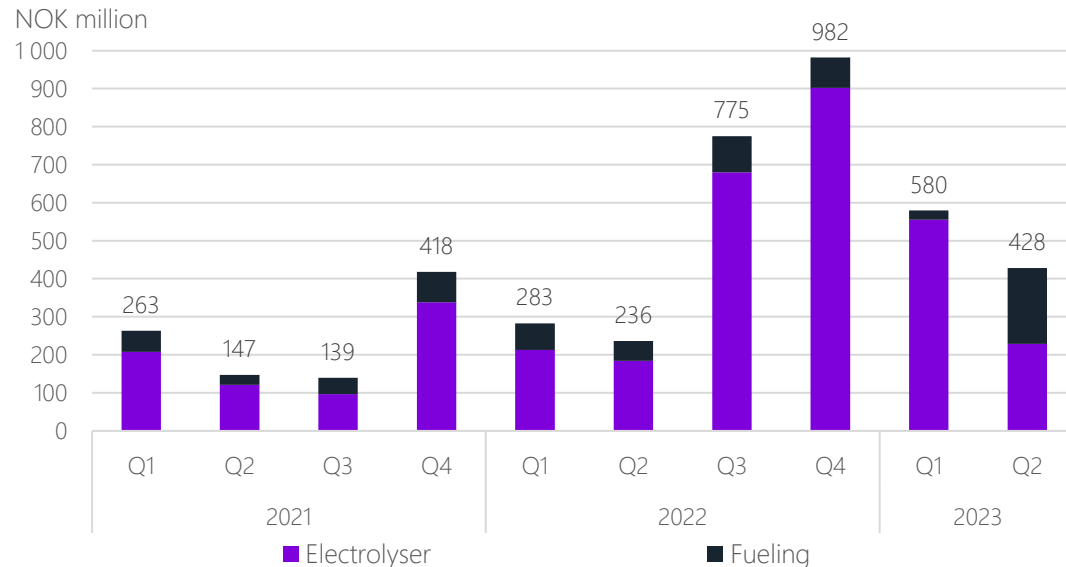
- Revenues from alkaline electrolyzers increased 383% y/y, PEM electrolyzers increased 78%
- Profitability is improving, though further improvements are necessary. Introducing new technologies in larger, complex projects is challenging, but Nel aims to enhance efficiency and margins over time.

Fueling division (NOK million)	Q2 2023	Q2 2022	Change	YTD'23	YTD'22	Change
Revenue and income	84	54	56%	165	108	53%
EBITDA	-68	-82		-126	-142	
<i>EBITDA margin</i>	-81%	-152%		-76%	-131%	
Order intake	199	52	281%	223	122	83%
Order backlog	493	337	46%			

- Results continue to be negatively impacted by high warranty costs and increased utilization of stations on fixed rate service contracts
- The order backlog increase is driven by the 16-station contract in the US
- 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 improved product robustness and reliability. Nel will continue to incur high costs related to these activities going forward

Order intake and backlog

Order intake

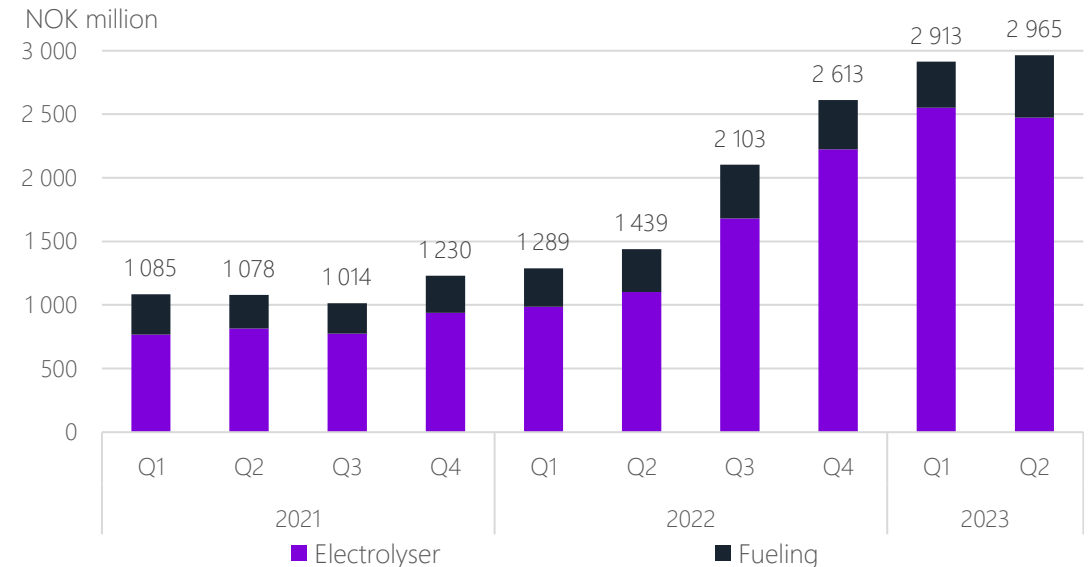


Order intake in Q2 2023: NOK 428 million **up 81% y/y**
 - Electrolyser: NOK 229 million **up 25% y/y**
 - Fueling: NOK 199 million **up 281% y/y**

LTM order intake: NOK 2 764million **up 157% YoY**

Order intake expected to vary between quarters as order sizes have increased

Order backlog

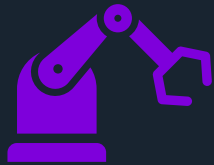


Order backlog Q2 2023: NOK 2 965 million **up 106% y/y**
 - Electrolyser: NOK 2 472 million **up 124% y/y**
 - Fueling: NOK 493 million **up 46% y/y**

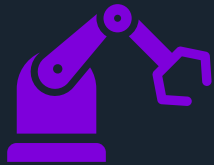
The order backlog is subject to risks such as delays and/or cancellations

3. Commercial developments

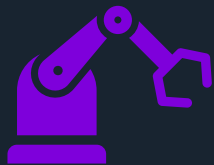
Capacity expansion plans in progress



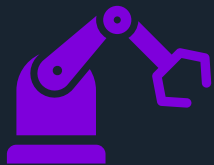
Construction of Line 2 at Herøya to be completed April 2024 (potentially up to 2 GW)



Construction of a 500 MW PEM line to be completed by 2025



Planning to build the next gigafactory in Michigan, US (up to 4 GW). No FID yet



Prepare for new GW site

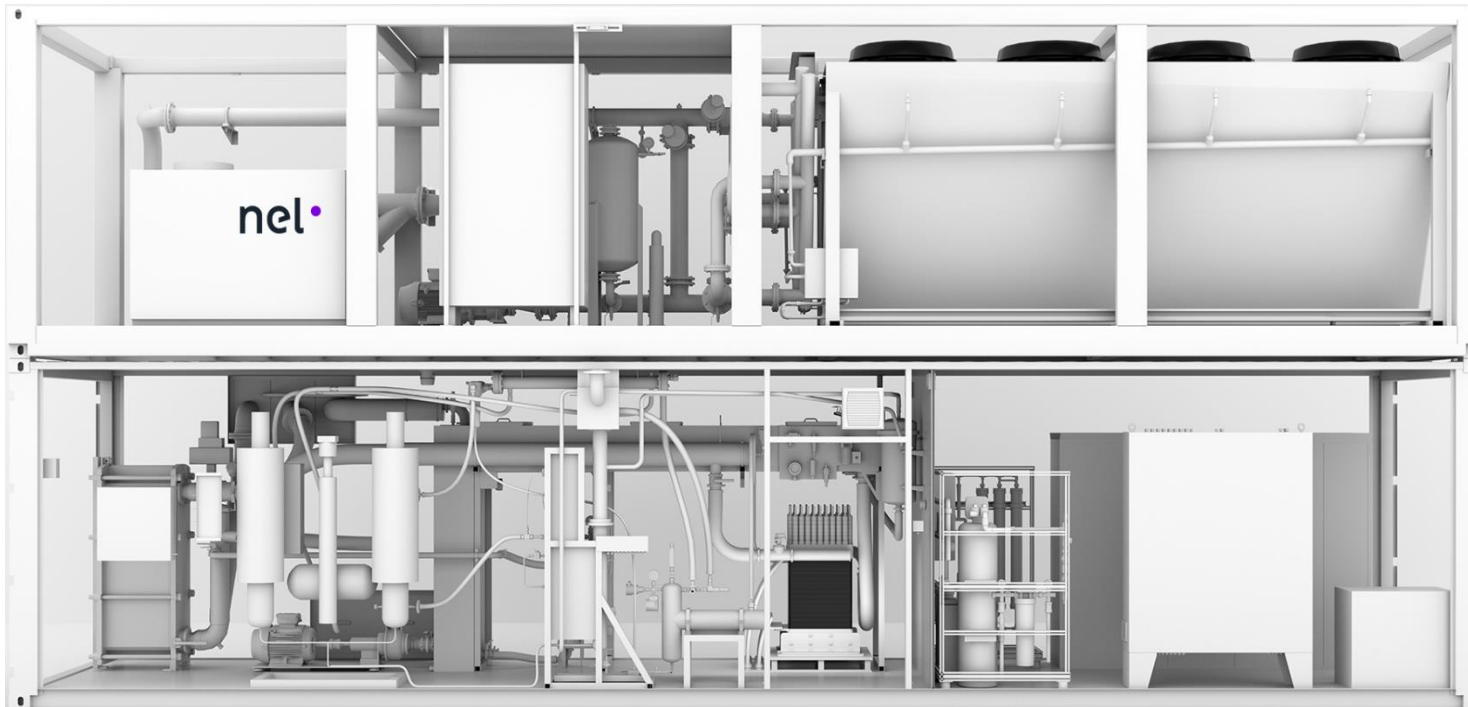


Record size fueling contract signed



- Client: Undisclosed US energy company
- Size: 16 fueling modules
- Value: USD 24 million, including the already announced USD 7 million capacity reservation fee
- Fueling stations to be deployed in California, US
- Improved risk profile and expected to have a positive financial impact
- Aligned with the new strategy to focus on large committed clients in some selected regions
- Estimated delivery starting Q4'23

Two containerized PEM solutions (M-series) sold



- Total order intake in Q2'23 more than USD 7 million from these two contracts
- Demand for smaller units appears to pick up especially in the US
- Full scope electrolyser setup
 - modular concept
 - quick to market
 - easy installation
- Comes in two sizes, MC-250 (single PEM stack), and a MC-500 (two PEM stacks)

Contract for 20 MW of electrolyser equipment in France



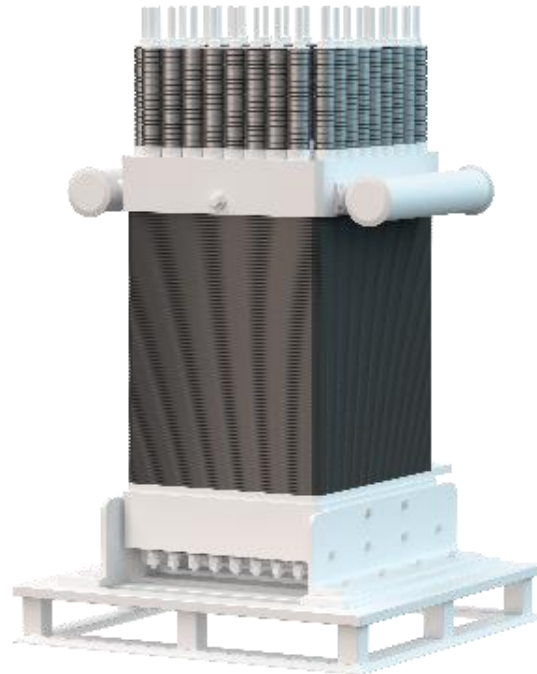
- Client: Hyd'Occ
- Size: 20 MW
- Value: EUR 9 million
- The French renewable energy producer, Qair, is the main shareholder. The local government, is also an owner
- Will supply renewable hydrogen to local industry and transportation in southern France
- This is a firm purchase order for alkaline stacks and balance of stacks. The stacks are planned to be delivered to the client around year-end 2023

Contract for 40 MW of electrolyser equipment in Portugal



- Client: Bondalti
 - Size: 40 MW
 - Value: EUR 11 million
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- Bondalti is the largest company in the Portuguese chemical industry
 - The electrolyser will cater for the client's own hydrogen demand for chemical processes, as well as long-haul transportation and gas grid injection
 - The facility is aimed to commence production in the beginning of 2026
 - Wood has been contracted for the FEED study related to the project

Receives additional funding for accelerating advanced PEM electrolyser stack development



- Funding from: US DoD, ERDC-CERL
- Amount: USD 5.6 million
- Aim to accelerate PEM electrolyser development to reduce operating and capital costs
- More than USD 11 million received in grants for this project
- Activities include:
 - Development of membranes
 - High volume manufacturing and recycling methods
 - Reduction of precious metals
 - Cell stack integration and testing at ERDC-CERL

Continuing to take industry leadership positions



Promoting the critical role of renewable hydrogen to deliver the EU's long-term decarbonisation goals

- Olivia Breese, CEO Power-2-X Ørsted, will take the position as Chair, and Håkon Volldal, CEO of Nel, as Vice-Chair
- While progress has been made in establishing a predictable European legislative framework, achieving a level playing field on par with the US and China is crucial
- The coalition is driving the development of a regulatory framework that effectively nurtures European interests, secures funding for pioneering projects, and mitigates early-stage risks

4. Summary

Larger projects take longer time to mature

- Smaller products are becoming more standardised and faster to market
- Large-scale projects have higher complexity
 - Infrastructure
 - Technology mix
 - Off-take agreements
 - Financing/funding
- Increased overall risk for the project developer as well as the technology provider
- Timelines are affected as project developers are diligently working to increase project quality



Well positioned for large-scale market leadership

With increased size, complexity and risk, the need for competence and experience increases accordingly

Nel's value proposition:

- Unrivalled track record
 - Decades of experience
 - Large installed base
- Technology leadership
 - Multiple technology platforms
 - Proven solutions
- Cost and scale leadership
 - Front-runner in cost reductions
 - Market leading production capabilities



Second quarter 2023 summary



Significant revenue growth and positive margin development



Record size fueling contract signed during the quarter, electrolyser order intake up 25% y/y



Line two at Herøya on track → 1 GW
Wallingford expansion on track → 500 MW
Concluded on Michigan for the US Gigafactory

number one by nature