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Nel ASA

Q4 2023 report

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Highlights

- Nel ASA (Nel) reported revenue and income in the fourth quarter 2023 of NOK 534 million, up 29% from the fourth quarter 2022 (Q4 2022: 414). Full year revenue and income 2023 of NOK 1 773 million, up 78% compared to 2022. All segments experienced strong revenue growth full year compared to 2022.
- EBITDA in the quarter was NOK -106 million (Q4 2022: -216). The EBITDA is improving with increasing revenues on large-scale electrolyser contracts and improving cost control in Fueling.
- Net loss of NOK -94 million (Q4 2022: -731). The same quarter last year had a net unrealised fair value adjustment of NOK -108 million from mainly Everfuel and impairments in Fueling of 327 million. The main improvements from same quarter last year include the improved EBITDA and increased interest income.
- Order intake in the quarter amounted to NOK 183 million (71% from electrolyser), down 81% from the same quarter last year (Q4 2022: 982).
- At quarter end, Nel had an order backlog of NOK 2 458 million (85% related to electrolyser), down 6% from the fourth quarter of 2023, and down 14% from previous quarter.
- Cash balance of NOK 3 363 million at quarter end (Q4 2022: 3 139).
- Subsequent to the quarter,
 - On January 19, 2024, Nel received purchase order from Samsung C&T for a value of approximately EUR 5 million
 - On February 2, 2024, Nel realigns relationship with Nikola and will support Fortescue on its 80 MW Phoenix hydrogen hub, for a total consideration of about USD 20 million.
 - On February 7, 2024, Nel was made aware that Iwatani Corporation of America has filed a lawsuit with claims for damages towards Nel and certain of its subsidiaries for delivery of fueling equipment and services. Nel strongly reject the allegations made in the lawsuit and will vigorously oppose the allegations and the lawsuit.

Key figures

(Amounts in NOK million)	Q4 2023	Q4 2022 ²⁾	2023	2022 ²⁾
Revenue and income	534	414	1 773	994
Operating expenses ²⁾	700	1 005	2 473	2 272
EBITDA	-106	-216	-474	-780
Operating loss ²⁾	-166	-591	-700	-1 279
Pre-tax income (loss) ¹⁾²⁾	-105	-731	-873	-1 187
Net income (loss) ¹⁾²⁾	-94	-721	-855	-1 171
Net cash flow from operating activities	-140	-194	-670	-691
Cash balance end of period	3 363	3 139	3 363	3 139
Order intake	183	982	1 430	2 275
Order backlog	2 458	2 613	2 458	2 613

- 1) Pre-tax income (loss) and Net income (loss) include fair value adjustments of shareholdings in Everfuel A/S, Hydrogen Energy Network (HyNet) and Hyon AS. Refer to note 7 for detailed information of listed equity instruments.
- 2) Operating expenses for the fourth quarter and full year 2022 include NOK 327 million impairment expense in Fueling.

Key press releases during the quarter and subsequent events

Nel Hydrogen Electrolyser

Electrolyser received purchase orders for:

- An alkaline electrolyser in South Korea producing hydrogen for energy transition. Value approximately EUR 5 million.
- HyCC has cancelled the 40MW purchase order previously announced February 6, 2023. Order backlog negatively impacted of about EUR 12 million.
- Nel realigns relationship with Nikola and will support Fortescue on its 80 MW Phoenix hydrogen hub, for a total consideration of about USD 20 million.

Nel Hydrogen Fueling

- Nel was made aware that Iwatani Corporation of America has filed a lawsuit with claims for damages towards Nel and certain of its subsidiaries for delivery of fueling equipment and services. Nel strongly reject the allegations made in the lawsuit and will vigorously oppose the allegations and the lawsuit.

Corporate

- Nel received significantly reduced notice of fine related to the Kjørbo incident, reducing fine from NOK 20 million to about NOK 1 million.
- Nel sold all its shares in Everfuel for a total compensation of NOK 116.6 million.

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

[Press releases | Nel Hydrogen](#)

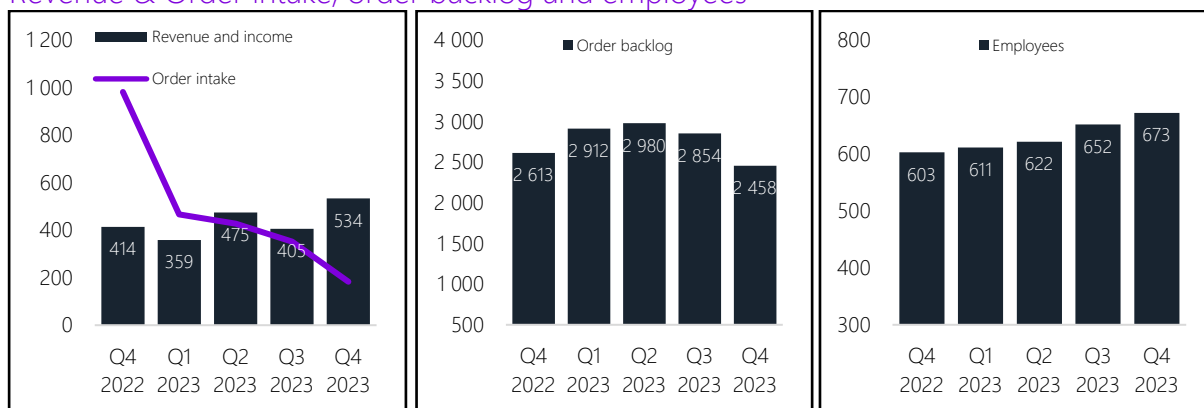
Financial development

Group

Key figures

(Amounts in NOK million)	Q4 2023	Q4 2022	Change	2023	2022	Change
Revenue and income	534	414	29 %	1 773	994	78 %
Operating expenses	700	1 005	-30 %	2 473	2 272	9 %
EBITDA	-106	-216		-474	-780	
Order intake	183	982	-81 %	1 430	2 275	-37 %
Order backlog	2 458	2 613	-6 %			
Employees	673	603	12 %			
Total assets	7 857	6 951	13 %			

Revenue & Order intake, order backlog and employees



Nel reported 29% increase in revenue and income compared to the same quarter last year. The Electrolyser division increased 40% and Fueling decreased 6%. Electrolyser constitutes 82% (Q4 2022: 75%) of total revenue this quarter.

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 negatively impact the company's profitability. Nel is still in the process of establishing robust project execution protocols, partnership frameworks, and other systems that are important to Nel's operational efficiency. 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 face the execution challenges of this next stage in the company's industrialization.

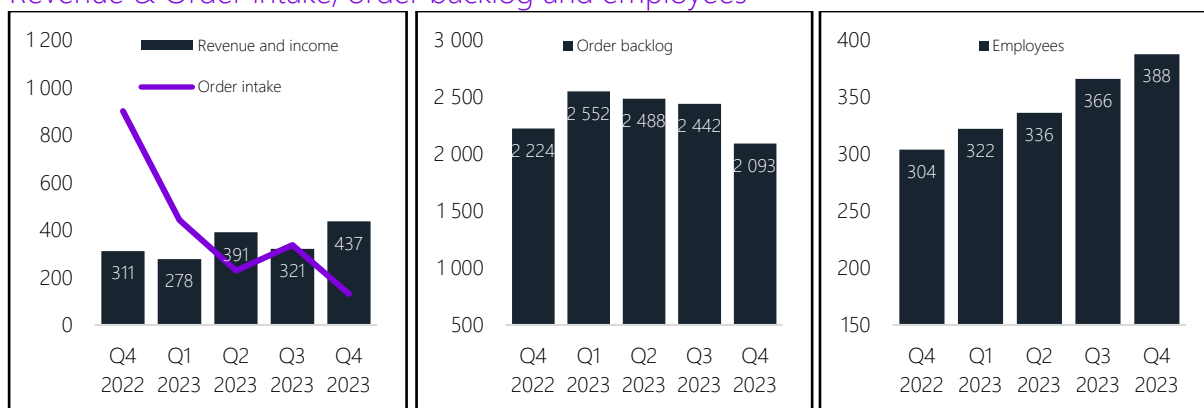
The company's electrolyser strategy on large projects is to narrow the scope and concentrate on stacks and balance-of-stacks. To handle the scope Nel does not cover, Nel is partnering with world-class EPC companies. Similarly, Nel's Fueling division has narrowed its technology focus to the core development necessary for high capacity fueling aimed for the heavy-duty transportation segment.

Nel Hydrogen Electrolyser

Key figures

(Amounts in NOK million)	Q4 2023	Q4 2022	Change	2023	2022	Change
Revenue and income	437	311	40 %	1 427	748	91 %
Operating expenses	526	410	29 %	1 749	1 168	50 %
EBITDA	-46	-66		-159	-304	
Order intake	131	902	-86 %	1 140	1 978	-42 %
Order backlog	2 093	2 224	-6 %			
Employees	388	304	28 %			
Total assets	3 619	2 427	49 %			

Revenue & Order intake, order backlog and employees



Nel Hydrogen Electrolyser reported a 40% increase in revenue and income compared to the same quarter last year. Nel continued the production and deliveries of electrolyser equipment from the manufacturing facility at Herøya in Norway according to plan. Revenues from sales of alkaline electrolysers increased 19% compared to the same quarter last year, and quarterly sales of PEM electrolysers increased 63% from Q4 2022. Nel has over the last years significantly strengthened the organization to handle large-scale projects, and is now starting to see scale effects.

The electrolyser segment reports an order backlog of NOK 2 093 million, down NOK 348 million from previous quarter caused by low order intake and one 40MW cancellation. Electrolyser projects are large and reported order intake will therefore vary significantly between quarters depending on the date of signing of such larger contracts. Overall demand is increasing, projects are getting larger, and customers are looking towards suppliers with available capacity and a track record for delivering equipment. In recent quarters, Nel has secured several paid front end engineering studies for projects above 100 MW. Order intake will vary significantly between quarters depending on the progress in turning these pre-studies into firm equipment orders.

Bringing new technologies to the market in the form of industrial projects of increasing size and complexity is very challenging. Nel intends to continue improving its efficiency and margins in project execution over time, but recognize that significant investments in people and systems will continue to be required.

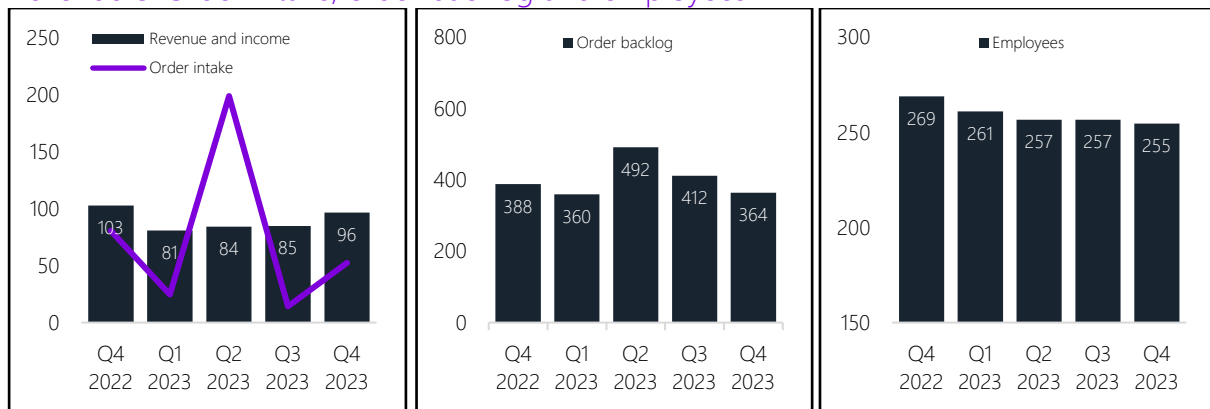
The expansion program for the Herøya and Wallingford facilities remains on plan. The increased capacity will allow for a significant continued growth in order intake and revenues.

Nel Hydrogen Fueling

Key figures

(Amounts in NOK million)	Q4 2023	Q4 2022	Change	2023	2022	Change
Revenue and income	96	103	-6 %	346	245	41 %
Operating expenses	140	559	-75 %	602	972	-38 %
EBITDA	-29	-116		-202	-352	
Order intake	52	81	-35 %	290	297	-3 %
Order backlog	364	388	-6 %			
Employees	255	269	-5 %			
Total assets	811	1 005	-19 %			

Revenue & Order intake, order backlog and employees



Revenue in Fueling continues to be low as the low order intake in current and past quarters has limited the revenue recognised and growth this quarter.

Due to significant improvements in cost control, EBITDA has improved significantly. 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 costs related to these activities going forward, but sees that its efforts to reduce such costs are starting to take effect.

Nel continues to secure orders for its current product specification while scaling up core technology components to the specification necessary for high capacity fueling aimed for the heavy-duty transportation segment.

Finance

(Amounts in NOK million)	Q4 2023	Q4 2022	2023	2022
Finance income				
Interest income	44	29	168	72
Change in fair value financial instruments	22	0	1	20
Other	5	2	7	6
Interest income and other finance income	71	31	176	98
Finance costs				
Interest expense	-6	-3	-18	-11
Net foreign exchange gain (loss)	-3	-63	16	56
Change in fair value financial instruments	0	-108	-343	-50
Other	0	3	-1	-1
Interest expense and other finance costs	-9	-170	-345	-6
Net finance income (cost)	62	-140	-169	92

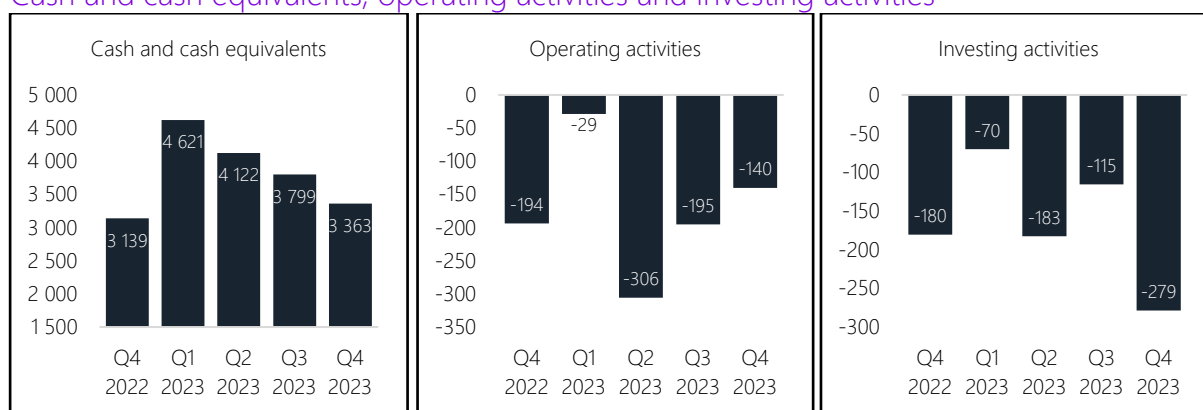
Nel reported finance income of NOK 71 million (Q4 2022: 31) in the quarter, mainly driven by interest income of NOK 44 million (Q4 2022: 29) from cash and cash equivalents. Increase in interest income is the result of increased NOK interest rate in particular, and increased cash balance.

Finance costs in the quarter were NOK -9 million compared to NOK -170 million in the same quarter last year. The net change in fair value of shareholdings had a positive effect of NOK 22 million this quarter (Q4 2022: -108), due to change in fair value of Nel's shareholding in Everfuel of NOK 22 million. All of Nel's shares in Everfuel were sold during this quarter for a consideration of NOK 117 million, the transaction was closed and payment received as of the date of this report. Fourth quarter 2023 includes NOK 15 million (Q4 2022: -24) in currency exchange gain resulting from revaluing internal loans, caused by a weaker NOK against USD and EUR.

Cash

(Amounts in NOK million)	Q4 2023	Q4 2022	Change	2023	2022	Change
Net cash flow from operating activities	-140	-194		-670	-691	
Net cash flow from investing activities	-279	-180		-647	-403	
Net cash flow from financing activities	-12	-8		1 542	1 495	
Foreign currency effects on cash	-4	1		0	14	
Net change in cash	-436	-382		225	416	
Cash and cash equivalents OB	3 799	3 520	8 %	3 139	2 723	15 %
Cash and cash equivalents	3 363	3 139	7 %	3 363	3 139	7 %

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 decreased cash by NOK -123 million (Q4 2022: -8) in the quarter. Since Nel has a limited set of large-scale projects, temporary mismatches between cash inflows and outflows on individual projects has a significant effect on working capital.

The investing activities in the fourth quarter 2023 included net NOK 46 million (Q4 2022: -84) 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 252 million (Q4 2022: 71) in the quarter, of which NOK 61 million relates to line 2 Alkaline expansion at Herøya and NOK 150 million to PEM expansion in Wallingford. The accumulated amount of expenditures for Herøya Line 2 (500MW) Alkaline expansion and 500MW PEM expansion in Wallingford in the course of construction is NOK 461 million as of 31 December 2023. The total contractual commitments beyond December 2023 for the expansions are NOK 218 million.

Other investment activities in the quarter included capitalised internal development of next generation electrolysers and fueling stations for a total of NOK 72 million (Q4 2022: 29).

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

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 2023.

Outlook

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. The increase in interest rates and raw material prices makes renewable energy more expensive, potentially negatively influencing the near- to mid-term market outlook. In combination with financial incentives for Nel's customers taking longer than expected to materialize, this has led to order intake in 2023 being lower than expected as the market momentum slowed down in the second half of 2023.

Nel is in a good position to maintain its leading position in electrolysers. Nel's proven track record and automated production capability is an important differentiating factor. Based on a large and growing pipeline of opportunities, Nel has the ambition to win several new large-scale orders in the coming periods. Higher revenues in combination with more efficient execution are expected to yield greater profitability in Electrolyser. This positive market outlook drives Nel's continued investments in engineering, project management, project execution, and related personnel, which continues to negatively affect current results. Larger projects are more complex and require more work in all phases from planning through execution. 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 believe that tomorrow's heavy-duty vehicles will be powered by green hydrogen. Margins in the Fueling division are improving as quality costs related to the installed base decreases. Nel has implemented and will continue to implement strategic actions to improve performance and profitability.

Oslo, 27 February 2024

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 Røtjær
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	Q4 2023	Q4 2022	2023	2022
Revenue and income					
Revenue from contracts with customers		500 680	369 480	1 681 070	914 853
Other income		32 934	44 607	92 006	78 728
Total revenue and income	3	533 614	414 087	1 773 076	993 581
Operating expenses					
Raw materials		248 703	166 198	856 926	584 815
Personnel expenses		238 946	193 268	821 303	664 815
Depreciation, amortisation and impairment	4, 5	59 790	374 440	225 785	498 781
Other operating expenses		152 265	271 041	568 566	523 824
Total operating expenses		699 704	1 004 947	2 472 580	2 272 235
Operating loss		-166 090	-590 860	-699 504	-1 278 654
Finance income	7	71 443	30 728	175 505	97 629
Finance cost	7	-9 578	-170 480	-344 821	-5 972
Share of loss from associates and joint ventures		-928	0	-3 714	0
Net financial items		60 937	-139 752	-173 030	91 657
Pre-tax income (loss)		-105 153	-730 612	-872 534	-1 186 997
Tax expense (income)		-10 765	-9 855	-17 338	-15 828
Net income (loss)		-94 388	-720 757	-855 196	-1 171 169
Items that are or may subsequently be reclassified to income statement:					
Currency translation differences		-66 719	-51 641	-1 253	65 035
Cash flow hedges, effective portion of changes in fair value		11 843	21 098	-18 504	-6 900
Cash flow hedges, reclassified		8 730	-6 635	34 417	-6 848
Other comprehensive income		-46 146	-37 178	14 660	51 287
Total comprehensive income		-140 534	-757 935	-840 536	-1 119 882
Basic EPS (figures in NOK) ¹⁾		-0.06	-0.46	-0.52	-0.76
Diluted EPS (figures in NOK) ¹⁾		-0.06	-0.46	-0.52	-0.76
Weighted average number of outstanding shares (million)		1 671	1 563	1 652	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	31.12.2023	31.12.2022
ASSETS			
Intangible assets	4	1 015 046	934 456
Property, plant and equipment	5	1 305 678	785 488
Other non-current assets		159 359	252 958
Total non-current assets		2 480 083	1 972 902
Inventories		703 990	504 595
Trade receivables	6	812 407	460 735
Contract assets		49 767	96 322
Other current assets	7	447 342	777 408
Cash and cash equivalents		3 363 431	3 138 550
Total current assets		5 376 937	4 977 610
TOTAL ASSETS		7 857 020	6 950 512
EQUITY AND LIABILITIES			
Shareholders' equity		6 197 736	5 449 608
Total equity		6 197 736	5 449 608
Deferred tax liability		38 436	45 529
Long-term debt		22 458	22 431
Lease liabilities		199 136	170 177
Other non-current liabilities		71 103	71 151
Total non-current liabilities		331 133	309 288
Trade payables		204 863	201 744
Lease liabilities		38 067	30 438
Contract liabilities		715 288	672 291
Other current liabilities		369 933	287 144
Total current liabilities		1 328 151	1 191 617
Total liabilities		1 659 284	1 500 905
TOTAL EQUITY AND LIABILITIES		7 857 020	6 950 512

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

Consolidated statement of cash flows (unaudited)

(Amounts in NOK thousands)	Q4 2023	Q4 2022	2023	2022
Cash flow from operating activities				
Pre-tax income (loss) ¹⁾	-105 153	-730 612	-872 534	-1 186 998
Depreciation, amortisation and impairment	59 790	374 440	225 785	498 782
Change in net working capital ²⁾	-122 030	-8 458	-458 396	37 242
Other adjustments ³⁾	27 199	170 894	435 477	-39 606
Net cash flow from operating activities	-140 194	-193 736	-669 668	-690 580
Cash flow from investment activities				
Purchases of property, plant and equipment	-251 834	-71 038	-573 589	-160 486
Payments for capitalised technology	-72 262	-28 873	-166 242	-118 251
Purchases of other investments ⁴⁾	0	-83 851	-92 219	-206 450
Investments in other financial assets	0	-5 296	0	-5 296
Investments in associates and joint ventures	0	-1 160	-973	-1 160
Proceeds from sales of other investments ⁴⁾	45 556	9 820	186 211	88 555
Net cash flow from investing activities	-278 540	-180 398	-646 812	-403 088
Cash flow from financing activities				
Interest paid ⁵⁾	-4 027	-3 445	-15 461	-11 166
Gross cash flow from share issues	0	267	1 609 200	1 545 866
Transaction costs connected to share issues	0	-52	-24 696	-23 426
Payment of lease liabilities	-7 603	-3 969	-25 773	-14 400
Payment of non-current liabilities	-773	-1 144	-1 533	-1 889
Net cash flow from financing activities	-12 403	-8 343	1 541 737	1 494 985
Foreign currency effects on cash	-4 488	762	-376	14 464
Net change in cash and cash equivalents	-435 625	-381 715	224 881	415 781
Cash and cash equivalents beginning of period	3 799 056	3 520 265	3 138 550	2 722 769
Cash and cash equivalents	3 363 431	3 138 550	3 363 431	3 138 550

1) Q4 and full year 2023 includes interests received of NOK 44 (29) million and NOK 168 (72) million, respectively.

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

3) The fourth quarter 2023 includes a fair value adjustment of financial instruments of NOK 22 million. The fair value adjustment was NOK -108 million in the fourth 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
Equity as of 31.12.2022	312 665	7 098 186	-84	119 878	-2 081 037	5 449 608
Net loss					-855 196	-855 196
Currency translation differences				-1 253		-1 253
Hedging reserve				15 913		15 913
Capital increase	21 600	1 562 904				1 584 504
Options and share program					4 160	4 160
Equity as of 31.12.2023	334 265	8 661 090	-84	134 538	-2 932 073	6 197 736

Notes to the interim financial statements

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 2023 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 2023.

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
- Expected credit loss assessment

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 2023 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 2023 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)	Q4 2023	Q4 2022	Change	2023	2022	Change
Revenue and income						
Nel Hydrogen Electrolyser	437 246	311 478	40 %	1 427 143	748 359	91 %
Nel Hydrogen Fueling	96 368	102 609	-6 %	345 933	245 222	41 %
Total	533 614	414 087	29 %	1 773 076	993 581	78 %
EBITDA						
Nel Hydrogen Electrolyser	-46 107	-66 461		-158 586	-303 695	
Nel Hydrogen Fueling	-28 612	-115 889		-201 890	-351 703	
Corporate ¹⁾	-31 581	-34 070		-113 243	-124 475	
Total	-106 300	-216 420		-473 719	-779 873	
Investments ²⁾						
Nel Hydrogen Electrolyser	309 578	90 254	243 %	690 909	229 660	201 %
Nel Hydrogen Fueling	14 518	14 953	-3 %	48 921	54 373	-10 %
Total	324 096	105 207	208 %	739 830	284 033	160 %
Total assets ³⁾						
Nel Hydrogen Electrolyser	3 619 413	2 427 284	49 %			
Nel Hydrogen Fueling	811 094	1 005 347	-19 %			
Corporate	3 426 513	3 517 881	-3 %			
Total	7 857 020	6 950 512	13 %			

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)	31.12.2023	31.12.2022	Change
Norway	906 172	562 761	61 %
Denmark	114 157	111 225	3 %
USA	282 856	107 959	162 %
South Korea	2 493	3 543	-30 %
Total	1 305 678	785 488	66 %

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	934 456
Additions	0	166 242	0	166 242
Amortisation	0	-96 175	-14 308	-110 483
Impairment	0	-1 424	0	-1 424
Currency translation differences	9 725	15 491	1 039	26 255
Carrying value as of 31.12.2023	375 305	631 521	8 220	1 015 046

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	785 488
Additions	573 589	31 397	604 986
Remeasurements	0	28 661	28 661
Depreciation	-81 511	-31 820	-113 331
Impairment	-547	0	-547
Currency translation differences	-1 038	1 459	421
Carrying value as of 31.12.2023	1 105 049	200 629	1 305 678

Note 6 Trade receivables

The following table provides information about the exposure to credit risk and expected credit losses for trade receivables from individual customers at the end of this quarter.

(Book value in NOK thousands)	Weighted-average loss rate ¹⁾	Gross carrying amount ²⁾	Loss allowance
Current (not past due)	0.1 %	178 543	179
1-30 days past due	0.2 %	135 484	271
31-60 days past due	0.5 %	127 945	640
61-90 days past due	2.0 %	35 382	718
91 days to one year past due	8.1 %	366 610	29 750
More than one year past due	10.0 %	0	0
Carrying value as of 31.12.2023	3.7 %	843 964	31 557

1) Loss rates are based on actual credit loss experience over the past two years. These rates are multiplied by a factor to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and Nel's view of economic conditions over the expected lives of the receivables.

2) In full year 2023, revenue from a single customer was about 26%. As of 31 December 2023, about 57% of the net trade receivables past due are related to this customer. The total payment received from this customer to date equals the operating profit booked to date on the contract. Nel has security for unpaid receivables from this customer in the sold goods and can reclaim as inventory items in the event of default.

Note 7 Listed equity instruments

Everfuel

(Book value in NOK thousands)	Shareholding	Acquisition cost NOK/per share	Fair value NOK/per share	Book value
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
Carrying value as of 31.12.2022	12 140 255	1.12	35.90	435 835
Sale of shares Q1 2023	-422 671			-15 731
Fair value adjustment Q1 2023			-5.95	-69 163
Sale of shares Q2 2023	-18 666			-563
Fair value adjustment Q2 2023			-14.25	-166 706
Fair value adjustment Q3 2023			-7.70	-90 082
Sale of shares Q4 2023	-11 698 918			-116 632
Fair value adjustment Q4 2023			1.97	23 041
Carrying value as of 31.12.2023	0	0	0	0

As of 12 December 2023, Nel has divested all its shares in Everfuel A/S for a total net consideration of about NOK 117 million in this quarter, and total NOK 133 million for the full year. The consideration this quarter is presented as other current asset at the end of the quarter. Cash has been received subsequent the quarter and will be presented as positive cash from investing activities in first quarter 2024.

Hyon

(Book value in NOK thousands)	Shareholding ¹⁾	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
Carrying value as of 31.12.2022	9 804 000	0.06	1.48	14 461
Fair value adjustment Q1 2023			-0.75	-7 387
Sale of shares Q1 2023	-9 804 000		0.72	-7 074
Carrying value as of 31.12.2023	0	0	0	0

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 which 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

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 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 order intake where revenue is yet to be recognised.

Title:

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