

nel•



# Nel ASA

Q2 and half-year 2024 report

## Contents

---

Highlights – Continuing operations	2
Key figures – Continuing operations	2
<b>Financial development</b>	<b>4</b>
Group	4
Nel Alkaline Electrolyser	5
Nel PEM Electrolyser	6
Finance – Continuing operations	7
Cash – Continuing operations	8
<b>Risks and uncertainty</b>	<b>9</b>
<b>Outlook</b>	<b>9</b>
<b>Condensed interim financial statements</b>	<b>11</b>
<b>Notes to the interim financial statements</b>	<b>15</b>
<b>Alternative Performance Measures</b>	<b>23</b>

In June 2024, Nel ASA (Nel) completed the distribution and separate listing of Cavendish Hydrogen ASA (CAVEN). CAVEN and its subsidiaries have historically been reported as a separate operating segment within Nel, Nel Hydrogen Fueling. The comparative condensed consolidated statement of comprehensive income has been restated to show the discontinued operation separately from continuing operations

## Highlights – Continuing operations

- Revenue from continuing operations in the second quarter 2024 was NOK 332 million, down 10% from the second quarter 2023 (Q2 2023: 371). Revenue was negatively impacted by lower volume delivery of Alkaline electrolyser equipment in the quarter.
- EBITDA in the quarter was NOK -79 million (Q2 2023: -69).
- Net loss from continuing operation was NOK -118 million (Q2 2023: -228). The improvement from the same quarter last year was mainly explained by the same quarter last year including NOK -166 million fair value adjustment from shareholdings in Everfuel.
- Order intake in the quarter amounted to NOK 270 million, an 18% increase from the corresponding quarter last year (Q2 2023: 229).
- Order backlog was NOK 2 071 million at the end of the quarter, down 13% from the second quarter of 2023 and down 2% from previous quarter.
- Cash balance was NOK 2 228 million at quarter end (Q2 2023: 4 122). Cash balance was reduced NOK 625 million connected to the spin-off of CAVEN.
- Subsequent to the quarter,
  - July 1st: received a follow-on equipment order of more than EUR 7 million

## Key figures – Continuing operations<sup>2)</sup>

(Amounts in NOK million)	Q2 2024	Q2 2023 <sup>1)</sup> restated	YTD 2024	YTD 2023 <sup>1)</sup> restated	2023 <sup>1)</sup> restated
Revenue	332	371	608	635	1 350
EBITDA	-79	-69	-48	-133	-272
Operating loss	-125	-112	-138	-217	-444
Pre-tax income (loss) <sup>1)</sup>	-120	-230	-83	-353	-574
Net income (loss) <sup>1)</sup>	-118	-228	-79	-349	-566
Net cash flow from operating activities	-24	-188	-60	-227	-464
Cash balance end of period	2 228	4 122	2 228	4 122	3 363
Order intake	270	229	668	672	1 140
Order backlog	2 071	2 375	2 071	2 375	2 093

1) Pre-tax income (loss) and Net income (loss) in Q2 2023, YTD 2023 and full year 2023 include fair value adjustments of shareholdings in Everfuel A/S and Hyon AS. This quarter includes no fair value adjustments from mentioned shareholdings. Same quarter 2023, year to date 2023 and full year 2023 includes impact of NOK -166 million, NOK -243 million and NOK -311 million, respectively.

2) Key figures are presented for continuing operation. See Note 7 for disclosure of discontinued operation.

## Key press releases during the quarter and subsequent events

### Nel Alkaline and PEM Electrolyser

- Nel has been awarded up to USD 41 million in investment tax credits for its planned manufacturing expansion in Michigan as part of the Qualifying Advanced Energy Project Tax Credit (48C) program. The tax credits come in addition to other grants communicated earlier. Nel has in total secured close to USD 170 million in accumulated support for its planned Michigan facility.

### Nel Alkaline Electrolyser

- Hy Stor Energy places gigawatt capacity reservation for Mississippi Clean Hydrogen Hub.
- Nel entered into a technology licensing agreement with Reliance Industries Limited (RIL). The agreement provides RIL with an exclusive license for Nel's alkaline electrolysers in India and also allows RIL to manufacture Nel's alkaline electrolysers for captive purposes globally.

### Nel PEM Electrolyser

- Received a follow-on equipment order of more than EUR 7 million for a European project.

### Corporate

- Nel completed the distribution (repayment of paid in share capital) and separate listing of Cavendish Hydrogen ASA (CAVEN) in June 2024. CAVEN and its subsidiaries have historically been reported as a separate operating segment, Nel Hydrogen Fueling, in Nel. On June 7, 2024, the distribution of the shares in CAVEN to the shareholders in Nel ASA was initiated. The shares in CAVEN were listed on the Euronext Oslo Stock Exchange 12 June 2024.

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

[Press releases | Nel Hydrogen](#)

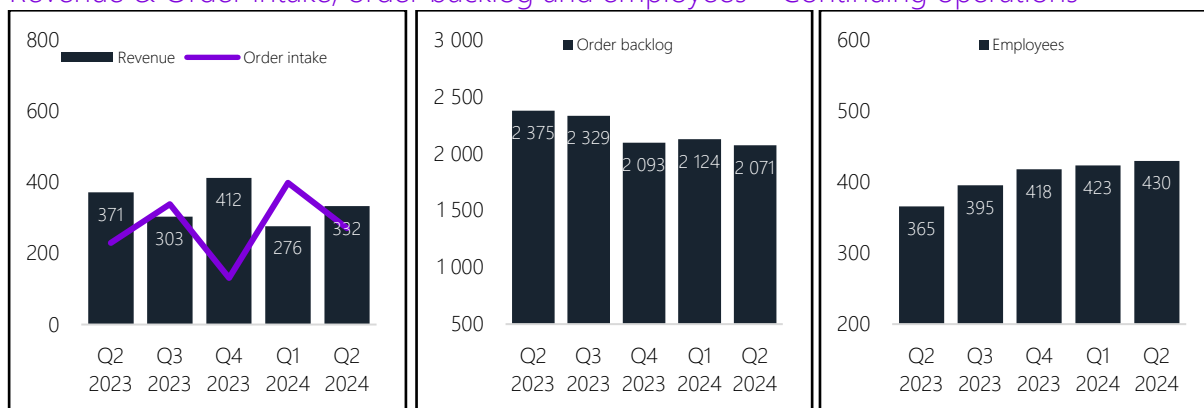
## Financial development

### Group

#### Key figures – Continuing operations

(Amounts in NOK million)	Q2 2024	Q2 2023 restated	Change	YTD 2024	YTD 2023 restated	Change	2023 restated
Revenue	332	371	-10%	608	635	-4%	1 350
EBITDA	-79	-69		-48	-133		-272
Order intake	270	229	18%	668	672	-1%	1 140
Order backlog	2 071	2 375	-13%				2 093
Employees	430	365	18%				418
Total assets	6 320	7 388	-14%				7 046

#### Revenue & Order intake, order backlog and employees – Continuing operations



Nel reported 10% decrease in revenue compared to the second quarter last year. The Alkaline and PEM electrolyser segments decreased 13% and 4%, respectively.

Nel is committed to building organizational and production capacity in line with market development, while simultaneously delivering on larger and more complex projects. Additional scale is required to reach profitability. Nel is still in the process of improving its project execution protocols, partnership frameworks, and other systems that are important to Nel's operational efficiency. While the company has made notable improvements, further developments are necessary to increase profitability. Despite being the company with the most experience in this field, both Alkaline and PEM Electrolyser face 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-stack equipment. To handle the scope Nel does not cover, Nel is partnering with world-class EPC companies.

Nel continues to mature a significant project pipeline from early business development through concept studies and paid engineering pre-studies. Order intake will vary significantly between quarters depending on the progress in turning these pre-studies into firm equipment orders.

#### First half

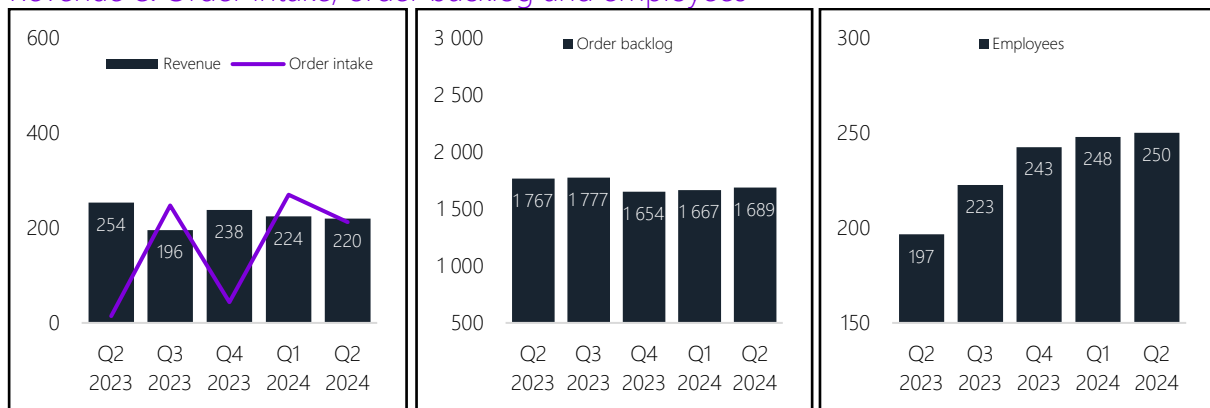
Nel's first half revenues were NOK 27 million lower than a year earlier, while the EBITDA was NOK 85 million higher. EBITDA this year include NOK 54 million from renegotiation of the Nikola supply agreement. The order intake was 1% lower than a year earlier.

## Nel Alkaline Electrolyser

### Key figures

(Amounts in NOK million)	Q2 2024	Q2 2023	Change	YTD 2024	YTD 2023	Change	2023
Revenue	220	254	-13%	445	441	1%	876
EBITDA	-3	-3		103	-14		-29
Order intake	213	14	1379%	483	394	22%	686
Order backlog	1 689	1 767	-4%				1 654
Employees	250	197	27%				243
Total assets	2 243	1 607	40%				2 028

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



Nel Alkaline Electrolyser reported a 13% decrease in revenue compared to second quarter last year. Production of electrolyser equipment at Herøya in Norway was according to plan.

Order backlog for Alkaline Electrolyser ended at NOK 1 689 million, up NOK 22 million from the previous quarter, including an order intake of milestone payments under the technology licensing agreement with Reliance Industries Limited (“Reliance”). In recent quarters, Nel has secured several paid front-end engineering and development studies for projects above 100 MW.

The agreement with Reliance gives Nel’s technology access to markets not easily addressable by Nel on a stand-alone basis, increases the rate of technology and cost improvement through a close collaboration between the companies and gives Nel access to source electrolyzers from Reliance’s production facilities.

Also during the quarter, the 500MW expansion program for the Herøya facility initiated commercial production. Nel’s cost structure and the utilization of the Herøya production capacity will be adjusted to market demand.

Product development for a next-generation pressurized alkaline electrolyser is also progressing well with full-size electrode testing ongoing at Nel’s test center in Notodden, Norway and a prototype plant under construction in the same facilities.

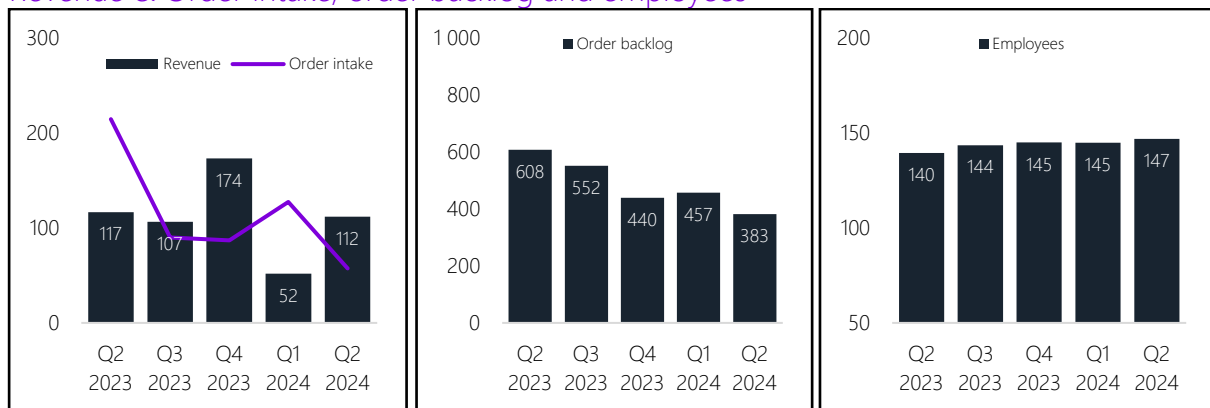


## Nel PEM Electrolyser

### Key figures

(Amounts in NOK million)	Q2 2024	Q2 2023	Change	YTD 2024	YTD 2023	Change	2023
Revenue	112	117	-4%	164	194	-15%	474
EBITDA	-43	-44		-86	-67		-130
Order intake	57	215	-73%	185	278	-33%	454
Order backlog	383	608	-37%				440
Employees	147	140	5%				145
Total assets	1 680	1 421	18%				1 591

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



Nel PEM Electrolyser reported a 4% decrease in revenue compared to the same quarter last year.

The PEM segment reported an order backlog of NOK 383 million, down NOK 75 million from the previous quarter caused by revenue of NOK 112 million exceeding the order intake.

The expansion program for the Wallingford facility aiming at increasing capacity from 50MW to 500MW remained on plan. Increased capacity will allow for continued growth in order intake and revenues. Nel's cost structure and utilization of the Wallingford production capacity will be adjusted to market demand.

This quarter includes NOK 31 million (Q2 2023: 23) in research and development expenses.

Product development for a next-generation PEM electrolyser in collaboration with General Motors is also progressing according to plan.

## Finance – Continuing operations

(Amounts in NOK million)	Q2 2024	Q2 2023 restated	YTD 2024	YTD 2023 restated	2023 restated
<b>Finance income</b>					
Interest income	30	44	69	76	168
Change in fair value financial instruments	0	0	0	1	1
Other	0	0	0	0	5
<b>Interest income and other finance income</b>	<b>31</b>	<b>45</b>	<b>69</b>	<b>77</b>	<b>174</b>
<b>Finance costs</b>					
Interest expense	-4	-3	-8	-7	-14
Net foreign exchange gain (loss)	-20	10	-2	40	26
Change in fair value financial instruments	0	-166	-3	-243	-311
Other	-1	0	-1	0	-1
<b>Interest expense and other finance costs</b>	<b>-25</b>	<b>-160</b>	<b>-14</b>	<b>-211</b>	<b>-301</b>
<b>Net finance income (cost)</b>	<b>6</b>	<b>-115</b>	<b>55</b>	<b>-134</b>	<b>-127</b>

Nel reported finance income of NOK 31 million (Q2 2023: 45) in the quarter, mainly driven by interest income of NOK 30 million (Q2 2023: 44) from cash and cash equivalents. The decrease in interest income can be attributed to the lower cash amount in the period.

Finance costs in the quarter were NOK -25 million compared to NOK -160 million in the same quarter last year. Same quarter last year had change in fair value of shareholdings had a net negative effect of net NOK -166 million compared to NOK 0 this quarter.

Second quarter 2024 included NOK -5 million (Q2 2023: 30) in currency exchange loss resulting from revaluing internal loans, caused by a weaker NOK against USD, DKK and EUR.

### First half

Nel reported net finance income in the first half of 2024 of NOK 55 million (1H 2023: -134 million). The variance from net finance cost in the previous year is mainly explained by the unrealised fair value adjustment of the shareholdings in Everfuel and Hyon. First half 2023 included net fair value adjustment of these shareholdings of NOK -243 million. Nel has divested all shares in Hyon during Q1 2023 and Everfuel during Q4 2023. In the first half 2024, Nel has also recognised an unrealised currency loss on the revaluation of internal loans of NOK 7 million (1H 2023: 48), caused by a weakened NOK against USD and EUR.

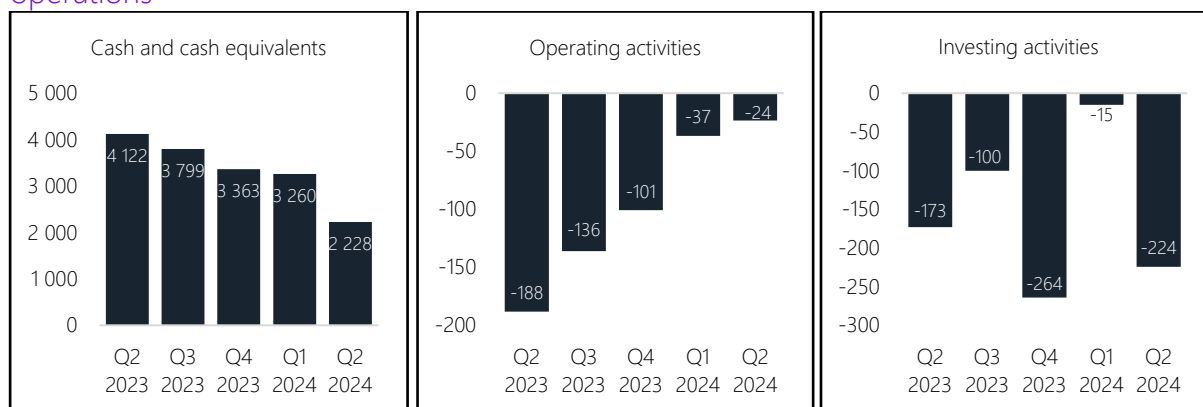


## Cash – Continuing operations

Cash flow from operating activities, investing activities and financing activities presented in this section excludes cash flow from discontinued operations, refer to Note 7 for analysis of cash flows from discontinued operation.

(Amounts in NOK million)	Q2 2024	Q2 2023	Change	YTD 2024	YTD 2023	Change	2023
Net cash flow from operating activities	-24	-188		-60	-227		-464
Net cash flow from investing activities	-224	-173		-239	-233		-598
Net cash flow from financing activities	-632	-10		-641	1 568		1 549
Foreign currency effects on cash	0	1		1	7		0
<b>Net change in cash continuing operation</b>	<b>-880</b>	<b>-370</b>		<b>-940</b>	<b>1 114</b>		<b>487</b>
<b>Net change in cash discontinued operation</b>	<b>-152</b>	<b>-129</b>		<b>-196</b>	<b>-130</b>		<b>-262</b>
Cash and cash equivalents OB	3 260	4 621	-29%	3 363	3 139	7%	3 139
<b>Cash and cash equivalents</b>	<b>2 228</b>	<b>4 122</b>	<b>-46%</b>	<b>2 228</b>	<b>4 122</b>	<b>-46%</b>	<b>3 363</b>

## Cash and cash equivalents, operating activities and investing activities – Continuing operations



Financing activities this quarter includes the cash balance of NOK 625 million of the distributed company Cavendish Hydrogen ASA.

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 59 million (Q2 2023: -199) 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 purchase of property, plant and equipment totalled NOK 195 million (Q2 2023: 142) in the quarter. The accumulated amount of expenditures for 500MW PEM expansion in Wallingford in the course of construction is NOK 207 million as of 30 June 2024. The total cost to completion beyond June 2024 for the PEM expansion is around NOK 120 million.

The investing activities in the second quarter 2024 included net NOK 12 million (Q2 2023: -11) in changes to restricted bank deposits and collateral for bank guarantees with a maturity longer than three months at the date of purchase. Other investment activities in the quarter included capitalised internal development of next generation electrolysers for a total of NOK 38 million (Q2 2023: 19).

Foreign currency effect on cash was 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. The spin-off of Cavendish Hydrogen ASA has led to a reduced scope of operations for the Nel group. Other than as a result of the spin-off of Cavendish Hydrogen ASA, 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 the end of 2025. Projects are expected to commence first for industrial applications in mature markets, before large installations integrated with new renewable energy installations gradually are expected to become another important market segment. The current level of interest rates and raw material prices have made renewable energy more expensive, negatively influencing the market outlook. In combination with governmental incentives for Nel's customers taking longer than expected to materialize, this has led to order intake in recent quarters being lower than expected.

Nel is in a good position to maintain a leading position in electrolysers. A proven track record and automated production capabilities are important differentiating factors. 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 revenue in combination with more efficient execution is expected to yield profitability for Nel. This positive market outlook drives Nel's continued investments in engineering, project management, project execution, and related disciplines, which negatively affect current results. Larger projects are more complex and require more work in all phases from planning through execution. Order intake is therefore likely to vary significantly from quarter to quarter and the order backlog is subject to risks, including delays and cancellations. Nel will on a continuing basis adapt capacity utilization and the size of its organization to market demand.

Oslo, 17 July 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	Q2 2024	Q2 2023 <sup>2)</sup> restated	YTD 2024	YTD 2023 <sup>2)</sup> restated	2023 <sup>2)</sup> restated
<b>Revenue and income</b>						
Revenue from contracts with customers	3	332 118	370 873	608 448	635 372	1 349 802
Other income		24 274	20 018	44 721	33 649	77 341
<b>Total revenue and income</b>		<b>356 392</b>	<b>390 891</b>	<b>653 169</b>	<b>669 021</b>	<b>1 427 143</b>
<b>Operating expenses</b>						
Raw materials		149 232	214 296	187 776	350 996	715 136
Personnel expenses		158 347	126 300	315 732	249 690	545 660
Depreciation, amortisation and impairment	4, 5	46 101	42 818	90 465	84 033	171 692
Other operating expenses		128 132	119 702	197 228	200 896	438 175
<b>Total operating expenses</b>		<b>481 812</b>	<b>503 116</b>	<b>791 201</b>	<b>885 615</b>	<b>1 870 663</b>
<b>Operating loss</b>		<b>-125 420</b>	<b>-112 225</b>	<b>-138 032</b>	<b>-216 594</b>	<b>-443 520</b>
Finance income		30 595	44 705	68 806	76 876	173 755
Finance cost		-24 940	-160 019	-13 526	-210 638	-300 787
Share of loss from associates and joint ventures		0	-2 786	0	-2 786	-3 714
<b>Net financial items</b>		<b>5 655</b>	<b>-118 100</b>	<b>55 280</b>	<b>-136 548</b>	<b>-130 746</b>
<b>Pre-tax income (loss)</b>		<b>-119 765</b>	<b>-230 325</b>	<b>-82 752</b>	<b>-353 142</b>	<b>-574 266</b>
Tax expense (income)		-2 070	-2 066	-4 102	-4 045	-8 162
<b>Net income (loss) from continuing operation</b>		<b>-117 695</b>	<b>-228 259</b>	<b>-78 650</b>	<b>-349 097</b>	<b>-566 104</b>
Net income (loss) from discontinued operation	7	74 357	-114 067	13 289	-185 425	-289 092
<b>Net income (loss) for the period</b>		<b>-43 338</b>	<b>-342 326</b>	<b>-65 361</b>	<b>-534 522</b>	<b>-855 196</b>
<b>Items that are or may subsequently be reclassified to income statement:</b>						
Currency translation differences		-56 719	5 976	19 893	57 382	-1 253
Cash flow hedges, effective portion of changes in fair value		26 994	-22 115	-15 743	-66 918	-18 504
Cash flow hedges, reclassified		676	23 014	12 542	38 566	34 417
<b>Other comprehensive income</b>		<b>-29 049</b>	<b>6 875</b>	<b>16 692</b>	<b>29 030</b>	<b>14 660</b>
<b>Total comprehensive income</b>		<b>-72 388</b>	<b>-335 451</b>	<b>-48 670</b>	<b>-505 492</b>	<b>-840 536</b>
Basic EPS (figures in NOK) <sup>1)</sup>		-0.03	-0.20	-0.04	-0.33	-0.52
Diluted EPS (figures in NOK) <sup>1)</sup>		-0.03	-0.20	-0.04	-0.33	-0.52
Weighted average number of outstanding shares (million)		1 671	1 671	1 671	1 632	1 652

1) Basic and diluted earnings per share are computed using the weighted average number of ordinary shares outstanding.

2) The comparative information has been restated due to a discontinued operation from spin-off of the former Nel Hydrogen Fueling division. For reference, please see Note 7.

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

## Consolidated statement of financial position (unaudited)

(Amounts in NOK thousands)	Note	30.06.2024	31.12.2023
<b>ASSETS</b>			
Intangible assets	4	976 954	1 015 046
Property, plant and equipment	5	1 471 863	1 305 678
Other non-current assets		174 916	159 359
<b>Total non-current assets</b>		<b>2 623 733</b>	<b>2 480 083</b>
Inventories		582 863	703 990
Trade receivables	6	627 639	812 407
Contract assets		25 146	49 767
Other current assets		232 780	447 342
Cash and cash equivalents		2 227 782	3 363 431
<b>Total current assets</b>		<b>3 696 210</b>	<b>5 376 937</b>
<b>TOTAL ASSETS</b>		<b>6 319 943</b>	<b>7 857 020</b>
<b>EQUITY AND LIABILITIES</b>			
Shareholders' equity		5 088 235	6 197 736
<b>Total equity</b>		<b>5 088 235</b>	<b>6 197 736</b>
Deferred tax liability		35 569	38 436
Long-term debt		0	22 458
Lease liabilities		198 211	199 136
Other non-current liabilities		59 539	71 103
<b>Total non-current liabilities</b>		<b>293 319</b>	<b>331 133</b>
Trade payables		125 725	204 863
Lease liabilities		43 151	38 067
Contract liabilities		590 577	715 288
Other current liabilities		178 936	369 933
<b>Total current liabilities</b>		<b>938 389</b>	<b>1 328 151</b>
<b>Total liabilities</b>		<b>1 231 708</b>	<b>1 659 284</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>6 319 943</b>	<b>7 857 020</b>

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

## Consolidated statement of cash flows (unaudited)

(Amounts in NOK thousands)	Q2 2024	Q2 2023 <sup>6</sup>	YTD 2024	YTD 2023 <sup>6</sup>	2023 <sup>6</sup>
<b>Cash flow from operating activities</b>					
Pre-tax income (loss) <sup>1)</sup>	-45 241	-344 559	-69 463	-538 901	-872 534
Depreciation, amortisation and impairment	32 038	55 767	90 465	109 933	225 785
Change in net working capital <sup>2)</sup>	58 776	-237 990	-63 202	-215 554	-458 396
Other adjustments <sup>3)</sup>	-203 083	220 824	-176 842	310 042	435 477
<b>Net cash flow from operating activities</b>	<b>-157 510</b>	<b>-305 958</b>	<b>-219 042</b>	<b>-334 480</b>	<b>-669 668</b>
<b>Cash flow from investment activities</b>					
Purchases of property, plant and equipment	-197 934	-143 010	-310 844	-219 887	-573 589
Payments for capitalised technology	-55 376	-27 617	-90 391	-60 208	-166 242
Purchases of other investments <sup>4)</sup>	0	-38 889	-13 780	-68 537	-92 219
Investments in associates and joint ventures	0	-973	0	-973	-973
Proceeds from sales of other investments <sup>4)</sup>	12 294	27 802	141 849	96 811	186 211
<b>Net cash flow from investing activities</b>	<b>-241 016</b>	<b>-182 687</b>	<b>-273 166</b>	<b>-252 794</b>	<b>-646 812</b>
<b>Cash flow from financing activities</b>					
Interest paid <sup>5)</sup>	-3 831	-3 652	-7 981	-7 387	-15 461
Gross cash flow from share issues	0	0	0	1 609 200	1 609 200
Transaction costs connected to share issues	0	-1 117	0	-24 696	-24 696
Distribution of shares in Cavendish Hydrogen ASA <sup>7)</sup>	-625 420	0	-625 420	0	0
Payment of lease liabilities	-4 155	-6 183	-10 670	-12 101	-25 773
Payment of non-current liabilities	-380	-15	-759	-526	-1 533
<b>Net cash flow from financing activities</b>	<b>-633 786</b>	<b>-10 967</b>	<b>-644 830</b>	<b>1 564 490</b>	<b>1 541 737</b>
Foreign currency effects on cash	95	692	1 389	6 527	-376
<b>Net change in cash and cash equivalents</b>	<b>-1 032 217</b>	<b>-498 920</b>	<b>-1 135 649</b>	<b>983 743</b>	<b>224 881</b>
Cash and cash equivalents beginning of period	3 259 999	4 621 213	3 363 431	3 138 550	3 138 550
<b>Cash and cash equivalents</b>	<b>2 227 782</b>	<b>4 122 293</b>	<b>2 227 782</b>	<b>4 122 293</b>	<b>3 363 431</b>

1) Q2 2024 includes interests received of NOK 30 (44) million.

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

3) Other adjustments in the second quarter 2024 includes a fair value adjustment of financial instruments of NOK 0 million. The net fair value adjustment was NOK -166 million in the second quarter 2023. In addition, this quarter includes NOK 144 million in non-cash impact from discontinued operation. Refer to Note 7 for additional information of reclassification of foreign currency translation reserve and gain related to distribution of discontinued operation.

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.

6) Consolidated Statement of Cash Flows 2023 has not been restated while Statement of Comprehensive Income has been restated due to a discontinued operation.

7) The line item includes the cash balance distributed as part of the company Cavendish Hydrogen ASA. Refer to Note 7 for additional information.

## 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 31.12.2022	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
<b>Equity as of 31.12.2023</b>	<b>334 265</b>	<b>8 661 090</b>	<b>-84</b>	<b>134 538</b>	<b>-2 932 073</b>	<b>6 197 736</b>
Net loss					-65 361	-65 361
Currency translation differences				19 893		19 893
Hedging reserve				-3 201		-3 201
Capital increase						0
Options and share program					1 696	1 696
Distribution of shares in Cavendish Hydrogen ASA (Note 7)		-1 062 527				-1 062 527
<b>Equity as of 30.06.2024</b>	<b>334 265</b>	<b>7 598 563</b>	<b>-84</b>	<b>151 230</b>	<b>-2 995 739</b>	<b>5 088 235</b>



## Notes to the interim financial statements

---

### Note 1 Organisation and basis for preparation

#### Corporate information

Nel is a global, dedicated hydrogen electrolyser technology company, delivering solutions to efficiently produce hydrogen from renewable energy. The company serves industries, energy, and gas companies with leading technology making it possible to decarbonize various sectors such as transportation, refining, steel and ammonia. The history of the company dates back to 1927, and has since then continuously developed and improved its hydrogen production technology offering. Today, its solutions cover the only industrially relevant and commercially ready electrolyser platforms; alkaline and PEM. The company continues to invest in current offering as well as develop next-generation technologies. Nel currently has two divisions: Nel Alkaline Electrolyser and Nel PEM Electrolyser.

Nel (org. no 979 938 799) was formed in 1998 and is a Norwegian public limited company listed on the Oslo Stock Exchange under the ticker "NEL". 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.

#### Discontinued operation

A discontinued operation refers to a disposal group of assets and liabilities, together as a group in a single transaction, that has been disposed of or is classified as "held-for-distribution". The disposal group must represent a separate major line of business, a geographical area of operations, or be a subsidiary acquired exclusively with the intent to resell.

The disposal group shall be classified as a discontinued operation at the earlier of the date of disposal or when the disposal becomes highly probable.

The results of the discontinued operation are presented separately in the statement of comprehensive income, with restatement of prior period figures as if the operation had been discontinued from the start of the comparative year.

## 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
- Fair value of distribution of non-cash assets to owners

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. Nel has since the publication of the Annual Report 2023 distributed and separate listed the former operating segment Nel Hydrogen Fueling. Starting from the second quarter 2024, the segment is not reported as part of Nel's operations. Based on the growth of the company, Nel reevaluated its segment reporting during the first quarter 2024 and is reporting its previous Electrolyser segment as two separate segments.

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 Alkaline Electrolyser and Nel PEM Electrolyser.

Billing of goods and services between operating segments are effected on an arm's length basis.

The following table includes information about Nel's operating segments.

(Amounts in NOK thousands)	Q2 2024	Q2 2023	Change	YTD 2024	YTD 2023	Change
<b>Revenue</b>						
Nel Alkaline Electrolyser	220 107	254 010	-13%	444 570	441 449	1%
Nel PEM Electrolyser	112 011	116 863	-4%	163 878	193 923	-15%
<b>Total</b>	<b>332 118</b>	<b>370 873</b>	<b>-10%</b>	<b>608 448</b>	<b>635 372</b>	<b>-4%</b>
<b>EBITDA</b>						
Nel Alkaline Electrolyser	-2 807	-2 540		103 402	-13 986	
Nel PEM Electrolyser	-42 832	-44 294		-85 890	-67 117	
Corporate <sup>1)</sup>	-33 680	-22 573		-65 079	-51 458	
<b>Total</b>	<b>-79 319</b>	<b>-69 407</b>		<b>-47 567</b>	<b>-132 561</b>	
<b>Investments <sup>2)</sup></b>						
Nel Alkaline Electrolyser	129 331	150 335	-14%	237 645	238 415	0%
Nel PEM Electrolyser	103 425	10 631	873%	129 794	22 433	479%
<b>Total</b>	<b>232 756</b>	<b>160 966</b>	<b>45%</b>	<b>367 439</b>	<b>260 848</b>	<b>41%</b>
<b>Total assets <sup>3)</sup></b>						
Nel Alkaline Electrolyser	2 243 222	1 606 706	40%			
Nel PEM Electrolyser	1 680 306	1 420 899	18%			
Corporate	2 396 415	4 360 421	-45%			
<b>Total</b>	<b>6 319 943</b>	<b>7 388 026</b>	<b>-14%</b>			

1) Corporate comprises parent company and other holding companies.

2) Investments comprise intangible assets, property, plant and equipment, associates and joint ventures and equity instruments.

3) Total assets per segment includes excess values on intangible assets derived from the consolidation of the financial statements.

### Property, plant and equipment by geographical area

(Amounts in NOK thousands)	30.06.2024	30.06.2023	Change	31.12.2023	Change
Norway	1 057 825	743 596	42%	906 172	17%
Denmark	0	118 300	-100%	114 157	-100%
USA	414 038	123 973	234%	282 856	46%
South Korea	0	2 986	-100%	2 493	-100%
<b>Total</b>	<b>1 471 863</b>	<b>988 855</b>	<b>49%</b>	<b>1 305 678</b>	<b>13%</b>

## Note 4 Intangible assets

(Amounts in NOK thousands)	Note	Goodwill	Technology	Customer relationship	Total
Carrying value of 01.01.2024		375 305	631 521	8 220	1 015 046
Additions		0	90 391	0	90 391
Amortisation		0	-18 397	-7 187	-25 584
Discontinued operation	7	0	-114 598	-364	-114 962
Currency translation differences		19 403	-7 573	233	12 063
<b>Carrying value as of 30.06.2024</b>		<b>394 708</b>	<b>581 344</b>	<b>902</b>	<b>976 954</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 two Cash Generating Units (CGUs). Goodwill and intangible assets are related to CGU Alkaline Electrolyser and CGU PEM Electrolyser.

## Note 5 Property, plant and equipment

Property, plant and equipment comprise owned and leased assets

(Amounts in NOK thousands)	Note	Land, buildings and equipment	Right-of-use assets	Total
Carrying value of 01.01.2024		1 105 049	200 629	1 305 678
Additions		310 844	3 796	314 640
Remeasurements		0	20 394	20 394
Depreciation		-48 003	-16 878	-64 881
Discontinued operation	7	-120 384	-10 796	-131 180
Currency translation differences		24 259	2 953	27 212
<b>Carrying value as of 30.06.2024</b>		<b>1 271 765</b>	<b>200 098</b>	<b>1 471 863</b>

## 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.

(Amounts in NOK thousands)	Weighted average loss rate <sup>1)</sup>	Gross carrying amount <sup>2)</sup>	Loss allowance <sup>2)</sup>
Current (not past due)	0.1 %	146 698	147
1-30 days past due	0.2 %	28 272	57
31-60 days past due	0.5 %	6 044	30
61-90 days past due	2.0 %	21 378	434
91 days to one year past due	7.9 %	338 847	26 906
More than one year past due	10.0 %	126 637	12 664
<b>Carrying value as of 30.06.2024</b>	<b>6.0 %</b>	<b>667 876</b>	<b>40 237</b>

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) About 83% of the net trade receivables past due are related to one customer. This quarter includes no revenue from this customer. 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 Discontinued operation

Nel completed the distribution (repayment of paid-in share capital) and separate listing of Cavendish Hydrogen ASA (CAVEN) in June 2024. CAVEN and its subsidiaries have historically been reported as a separate operating segment within Nel, Nel Hydrogen Fueling. On June 7, 2024, the shares in CAVEN were distributed to shareholders in Nel ASA. Shareholders of Nel received one CAVEN share for every 50 shares held in Nel, with rounding to the nearest whole share. The shares in CAVEN were listed on the Euronext Oslo Stock Exchange on 12 June 2024.

Following the distribution, Nel's ownership in CAVEN was reduced from 100% to 0%. Considering a loss of control, the CAVEN group is no longer consolidated as part of Nel group from 7 June 2024. The comparative condensed consolidated statement of comprehensive income has been restated to show the discontinued operation separately from continuing operations.

There was no public offering of shares in CAVEN in connection with the listing that priced the non-cash dividend. The fair value based on non-observable market assumptions of the net assets distributed to the shareholders was NOK 1 063 million (approximately NOK 0.63 of non-cash dividend distributed per share held in Nel), compared to a book value of NOK 970 million. A gain from the distribution of discontinued operation of NOK 93 million was recognised in Q2 2024. The cumulative exchange differences related to a foreign operation that have been included in the foreign currency translation reserve are reclassified to profit or loss when the foreign operation is distributed. A total exchange gain of NOK 51 million has been reclassified from OCI to the income statement on distribution of the foreign operations in CAVEN.

### Results of discontinued operation

(Amounts in NOK thousands)	1 April 2024 – 7 June 2024	Q2 2023	YTD 7 June 2024	YTD 2023	2023
<b>Revenue and income</b>					
Revenue from contracts with customers	46 349	78 126	157 220	154 398	331 269
Other income	664	6 060	2 084	10 550	14 664
<b>Total revenue and income</b>	<b>47 013</b>	<b>84 186</b>	<b>159 304</b>	<b>164 948</b>	<b>345 933</b>
<b>Operating expenses</b>					
Raw materials	17 770	36 576	73 048	67 973	141 788
Personnel expenses	45 394	72 534	107 605	136 187	275 643
Depreciation, amortisation and impairment	9 821	12 949	23 884	25 900	54 094
Other operating expenses	42 710	43 439	84 854	86 640	130 391
<b>Total operating expenses</b>	<b>115 695</b>	<b>165 498</b>	<b>289 391</b>	<b>316 700</b>	<b>601 916</b>
<b>Operating loss</b>	<b>-68 682</b>	<b>-81 312</b>	<b>-130 087</b>	<b>-151 753</b>	<b>-255 983</b>
Finance income	802	399	2 590	793	1 750
Finance cost	-2 067	-32 923	-3 685	-34 799	-44 036
Share of loss from associates and joint ventures	0	0	0	0	0
<b>Net financial items</b>	<b>-1 265</b>	<b>-32 524</b>	<b>-1 095</b>	<b>-34 006</b>	<b>-42 286</b>
<b>Pre-tax income (loss)</b>	<b>-69 947</b>	<b>-113 836</b>	<b>-131 182</b>	<b>-185 759</b>	<b>-298 269</b>
Tax expense (income)	-113	-167	-280	-335	-9 177
<b>Results of discontinued operation, net of tax<sup>1)</sup></b>	<b>-69 834</b>	<b>-113 669</b>	<b>-130 902</b>	<b>-185 424</b>	<b>-289 092</b>
Reclassification of foreign currency translation reserve	51 337	0	51 337	0	0
Gain related to distribution of discontinued operations	92 854	0	92 854	0	0
<b>Net income (loss) from discontinued operation</b>	<b>74 357</b>	<b>-113 669</b>	<b>13 289</b>	<b>-185 424</b>	<b>-289 092</b>

1) Results of discontinued operation include accrued expenses of NOK 22 million for listing on Euronext Oslo Børs.

## Cash flows from/(used in) discontinued operation

(Amounts in NOK thousands)	Q2 2024	Q2 2023	YTD 2024	YTD 2023	2023
<b>Cash flow from operating activities</b>					
Continuing operation	-23 595	-188 104	-60 297	-226 910	-463 931
Discontinued operation <sup>1)</sup>	-133 915	-117 854	-158 745	-107 570	-205 737
<b>Net cash flow from operating activities</b>	<b>-157 510</b>	<b>-305 958</b>	<b>-219 042</b>	<b>-334 480</b>	<b>-669 668</b>
<b>Cash flow from investing activities</b>					
Continuing operation	-224 470	-172 995	-239 461	-233 281	-597 734
Discontinued operation <sup>1)</sup>	-16 546	-9 692	-33 705	-19 513	-49 078
<b>Net cash flow from investing activities</b>	<b>-241 016</b>	<b>-182 687</b>	<b>-273 166</b>	<b>-252 794</b>	<b>-646 812</b>
<b>Cash flow from financing activities</b>					
Continuing operation	-6 994	-9 617	-15 951	1 567 903	1 548 962
Discontinued operation <sup>1)</sup>	-1 372	-1 350	-3 459	-3 413	-7 225
Distribution of shares in Cavendish Hydrogen ASA <sup>1)</sup>	-625 420	0	-625 420	0	0
<b>Net cash flow from financing activities</b>	<b>-633 786</b>	<b>-10 967</b>	<b>-644 830</b>	<b>1 564 490</b>	<b>1 541 737</b>
<b>Net change in cash and cash equivalents</b>					
Continuing operation	-254 965	-370 023	-314 319	1 114 239	486 921
Discontinued operation <sup>1)</sup>	-151 833	-128 897	-195 910	-130 496	-262 040
Distribution of shares in Cavendish Hydrogen ASA <sup>1)</sup>	-625 420	0	-625 420	0	0
<b>Net change in cash and cash equivalents</b>	<b>-1 032 217</b>	<b>-498 920</b>	<b>-1 135 649</b>	<b>983 743</b>	<b>224 881</b>

1) Cash flows from discontinued operation includes consolidated cash flows until 7 June 2024.



## Effect of distribution of the financial position

(Amounts in NOK thousands)	7 June 2024
<b>ASSETS</b>	
Intangible assets	-114 962
Property, plant and equipment	-131 180
Other non-current assets	-11 736
Inventories	-248 292
Trade receivables	-78 231
Contract assets	-2 311
Other current assets	-38 706
<b>LIABILITIES</b>	
Deferred tax liability	721
Long-term debt	22 543
Non-current lease liabilities	5 501
Other non-current liabilities	14 352
Trade payables	13 394
Current lease liabilities	4 467
Contract liabilities	125 570
Other current liabilities	94 616
<b>Net assets and liabilities</b>	<b>-344 253</b>
Cash distributed	-625 420
<b>Equity impact</b>	<b>-969 673</b>
Fair value dividend adjustment	92 854
<b>Fair value dividend paid</b>	<b>1 062 527</b>

## Alternative Performance Measures (APMs) from discontinued operation

(Amounts in NOK thousands)	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023	2023
Order intake	61 252	52 380	14 227	198 565	24 524	289 696
Order backlog	321 814	364 205	411 994	491 872	358 018	364 205
EBITDA	-47 342	-28 612	-47 425	-68 362	-57 491	-201 890

## 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:

Q2 and half-year 2024 Report

Published date:

17.07.2024

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)