The future belongs to
the frontrunners

2024
Annual report

Title:
Annual report 2024

Published date:
Oslo, 26 February 2025

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

Table of contents

Annual report 2024

1 Letter from the CEO

The future belongs to the frontrunners

More than 120 years ago, a Norwegian entrepreneur named Sam Eyde laid the foundation for what would become an essential part of Norwegian industry. At the beginning of the twentieth century, the world faced a severe food shortage. Traditional farming methods could not keep up with a growing population. A true visionary, Eyde saw the urgent need to increase food production and found that synthetic fertilizer could be the solution.

Along the way, he faced many challenges. He needed to figure out a viable way to make fertilizers, convince workers, politicians, and partners that his ideas would work, and raise sufficient capital to fund his projects. To put the last part into perspective: Mr. Eyde needed more money than the entire Norwegian national budget at the time.

In the end, he succeeded. Mr. Eyde's pioneering efforts not only led to the creation of Norsk Hydro but also paved the way for other major companies such as Elkem and Yara. I am proud to say that Nel's history also starts with Sam Eyde's boldness.

Today, the world faces a new, immense challenge. Global warming is already disrupting our climate and weather systems, with storms, droughts, and wildfires becoming the norm in many regions. Our generation has both the knowledge of the irreversible climate risks caused by delayed action and the opportunity to mitigate them. In short, our generation has a choice - future generations are bound to live with the consequences.

One way to cut carbon emissions would be to reduce industrial activity and production. The world had a test run of what this could look like under the global Covid pandemic when the inability for society to function well without a reasonable level of industrial activity and employment was laid bare. Reducing the standard of living in some countries and preventing many others from improving theirs is neither desirable nor feasible.

A better option is to ensure industry provides goods and services that customers and consumers can enjoy without causing environmental harm. For this to happen we need industry to be "clean". The obvious solution is to switch from fossil energy to renewable energy. In many cases this transition is relatively easy.

But some industries, such as refineries, steel and ammonia producers, shipping companies etc. face a more challenging path toward zero emissions. These sectors cannot easily electrify their operations. Instead, they need renewable hydrogen or hydrogen derivatives to reduce and ultimately eliminate their dependence on fossil energy.

Just like in Sam Eyde's case, the hydrogen industry has experienced plenty of headwinds in recent years. Inflation, higher interest rates, and lack of standardization have driven the cost of renewable hydrogen projects up. In 2022, the most commonly asked question by green hydrogen project developers, investors, and analysts was whether Nel and its peers had sufficient production capacity to meet demand. Today, the situation has reversed, and production facilities throughout the industry are idling, waiting for demand to pick up.

The near- and mid-term market is difficult to predict, influenced by factors beyond the company's control. This year we will face the consequences of low order intake and project delays or cancellations in 2023 and 2024. Although 2025 can still be a good year for winning new business, we know from experience that it takes time from winning a contract until it impacts Nel positively. Accordingly, we have adjusted our production and organizational capacity to reflect these new market conditions.

Despite a lower-than-expected order intake in the last two years, the business has improved steadily. Since 2022, we have nearly doubled our revenues, cut EBITDA losses by 60%, and significantly reduced the cash burn. With a cash position close to NOK 2 billion, Nel remains a financially robust company. When the market picks up again, we will be in position to provide market-leading products manufactured in the world's best and only fully automated facilities for both alkaline and PEM. We have a unique position in our industry.

Our technology development efforts have been accelerated. We continue to improve our existing technology platforms, both with respect to cost and performance. In parallel we advance our game-changing next-generation PEM and pressurized alkaline platforms according to plan. Moreover, in October 2024, we received news from the EU's Innovation Fund that Nel was awarded up to 135 million Euros in grants to scale up manufacturing capacity of Nel's new pressurized alkaline technology.

The rationale behind this and other grants awarded by the EU and other countries is clear: they recognize that achieving emission-reduction targets is impossible without clean hydrogen. Globally, politicians and pioneering project developers are promoting more sustainable societies where emission reductions and industrial production go hand in hand. This is also why I am confident that the hydrogen market will shift and when it does, Nel will emerge as one of the most respected and successful electrolyser OEMs.

In addition to the financial performance and progress in technology development, I would like to highlight some other key achievements in 2024:

- **Improved safety statistics:** We made safety our number one priority for 2024 and I am pleased to report that we are now performing better than relevant industry benchmarks on Total Recordable Incident Rate (TRIR) and Lost Time Injury Rate (LTIR). We will continue to put safety first to ensure that all employees can return safely home from work every single day.

- **A more focused company:** The fueling division was spun off and listed on the Oslo Stock Exchange as Cavendish Hydrogen. This allows us to focus all our efforts on what we do best: develop and deliver world-class electrolysers.

- **Proven business model:** In quarters with sufficient volumes, in our alkaline operations, our financials prove that the business model works. We expect a similar effect on our PEM operations and see a path to profitability with our current manufacturing capacity.

- **Efficient manufacturing at scale:** We inaugurated the 500MW PEM production line in Wallingford, USA. Through automation and innovation, we can now produce 10 times as many stacks at a 30% lower unit cost. We also opened Line 2 at Herøya, Norway, in 2024, bringing the annual production capacity for Alkaline to 1GW. In total, Nel now has 1.5GW of real, state-of-the-art capacity.

- **Signing of strategic partnerships:** In 2024 and early 2025, we signed several agreements with companies across the hydrogen value chain that strengthen our position as a leader in the hydrogen industry. Strategic partnerships reflect our experience that closer collaboration and integration across the value chain are crucial for reducing risk, lowering transactional costs, and ultimately achieving success in the hydrogen industry. One example is the Technology Licensing Agreement where Reliance, India's largest privately-owned company, will manufacture and sell Nel's alkaline technology in India and for their own projects globally. This partnership expands Nel's market reach and supports Reliance's high ambitions in the global hydrogen market. It also gives increased R&D leverage.

I find inspiration in Sam Eyde's determination and boldness. Where most people would have thrown in the towel, he never gave up. It is encouraging to reflect on his fantastic achievements, which laid the foundation for modern industry development in Norway. I am proud that Mr. Eyde is the founding father of Nel, and I like to think that it is in our DNA to pursue bold ideas, overcome obstacles, and positively impact society.

Best regards,
Håkon Volldal, CEO

PROVEN TECHNOLOGY, TRUSTED PARTNER - PIONEERING RENEWABLE HYDROGEN FOR MORE THAN 90 YEARS

- **2024** Opening of 500 MW line in Wallingford, Connecticut
- **2023** Started development of next generation PEM electrolyser platform with General Motors
- **2022** Signed the first large scale 200MW electrolyser contract
- **2021** Starting up the Herøya plant, first line
- **2020** Record order sizes within both Alkaline and PEM
- **2019** Nel announces construction plans for the world's largest electrolyser manufacturing plant to accommodate multi-billion NOK orders
- **2017** Nel acquires Proton OnSite, adding world leading PEM electrolysis technology to product portfolio, becoming the world's largest electrolyser company
- **2014** Nel becomes the first 100% dedicated hydrogen company listed on the Oslo Stock Exchange
- **2001** Our first pressurised electrolyser introduced to the market
- **1998** The world's first electrolyser supplier to provide non-asbestos alkali electrolysers
- **1974** Our renowned electrolyser technology made available for other companies and other industries
- **1959** Complete redesign of the electrolyser unit, forming the basis for today's atmospheric electrolyser from Nel
- **1953** Starts up a second large scale hydropowered electrolyser plant for supplying hydrogen to ammonia production, in Glomfjord, Norway
- **1940** The largest installation in the world of water electrolysers at Rjukan, Norway, with a total hydrogen production capacity exceeding 30.000 Nm3/hour, from hydropower
- **1927** The first small electrolyser installation at Norsk Hydro, Notodden, Norway. Testing for pure hydrogen to fertilizer production

MORE THAN 90 YEARS OF HYDROGEN INNOVATION.
AND THAT'S JUST THE BEGINNING.


intek

2 Members of the board

OLE ENGER, CHAIR OF THE BOARD

Mr. Enger (born 1948) has worked as CEO in Nordsilmel, Elkem, SAPA, REC, REC Solar and he has been in the executive management of Norsk Hydro and Orkla. Ole Enger has an educational background from Norwegian University for Environment and Life Sciences, NHH and IMDE Business School. He has board experience as both chairman and board member of a number of private and listed companies. Mr. Enger is a Norwegian citizen and lives in Oslo. He has been a member of the board since 2017 and holds 149.462 shares directly and/or indirectly in Nel ASA.

HANNE BLUME, BOARD MEMBER

Ms. Blume (born 1968) is Executive Vice President and Group CHRO in the Danish DLG Group. Hanne Blume has a Master of Science degree in Business Administration and Commercial Law from Aarhus School of Business. She has also supplementary leadership training from international schools INSEAD, IMD, London Business School and Wharton. She has management experience and board experience from both listed and private companies. Ms. Blume is a Danish citizen and lives in Juelsminde in Denmark. She has been a member of the board since 2019 and holds no shares in Nel ASA.

CHARLOTTA FALVIN, BOARD MEMBER

Ms. Falvin (born 1966) serves as a board member in several listed companies within the technology and communication industries. She has previous management positions e.g. as CEO in The Astonishing Tribe AB which were sold to Blackberry in 2010. Charlotta Falvin has a Master of Science degree in Business Administration and Economics from University of Lund. She is appointed Honorary Doctor at the Faculty of Engineering of the University of Lund. Ms. Falvin is a Swedish citizen and lives in Genarp, Sweden. She has been a member of the board since 2020 and holds 46.000 shares directly and/or indirectly in Nel ASA.

ARVID MOSS, BOARD MEMBER

Mr. Moss (born 1958), is an experienced executive who has been a member of Norsk Hydro's corporate management board since 2008. Moss served as EVP for the Business Area Energy between 2010-2024. Since mid 2024 he is special advisor to Hydro's CEO and chair of Hydro REIN, the renewable company owned by Hydro and Macquarie Asset Management. Since 2022 Mr. Moss also is the Chair of the Board in Norway's Export Council (Norsk Eksportråd). In Norsk Hydro, he has been responsible for strategy and business development in the aluminium area and on the corporate level for several periods. He also led the process that resulted in the oil and gas merger between Norsk Hydro and Statoil in 2006. Mr. Moss also served as State Secretary and Chief of staff in the Norwegian Prime Minister's office (1989-1990). Mr. Moss has a MSc in Economics and Business Administration (siviløkonom), Norwegian School of Economics (NHH). He has been a member of the board since 2023 and holds no shares in Nel ASA.

BEATRIZ MALO DE MOLINA, BOARD MEMBER

Beatriz Malo de Molina (1972) has had a 30 year career in M&A, finance and capital markets, beginning in 1994 with EY and including positions in Alvarez & Marsal, Orkla, Kistefos, McKinsey, and Goldman Sachs. Current board positions: Chairman of Otovo, and Chair of the Audit Committee of EMGS. Beatriz graduated summa cum laude from Georgetown University in Washington D.C., and has a Master's degree from the University of Oslo. Ms. Malo de Molina is a Spanish citizen and has been a resident of Norway since 2006. She has been a member of the board since 2017 and holds no shares directly and/or indirectly in Nel ASA.

TOM RØTJER, BOARD MEMBER

Mr. Røtjer (born 1953), former Senior Vice President, Head of Projects in Norsk Hydro ASA until 2018. He served as Executive Vice President Projects (member of Corporate Management Board) in Norsk Hydro from 2007-2012. He has held previous board positions in Aibel AS , Hæhre & Isachsen Gruppen AS (Akh Gruppen AS), Det norske oljeselskap ASA (Aker BP ASA), Qatalum Ltd., and Green Energy Geothermal Ltd. Mr. Røtjer holds a master's degree in Mechanical Engineering from the University of Trondheim, Norway. He is a Norwegian citizen and resides in Oslo, Norway. He has been a member of the board since 2020 and holds no shares in Nel ASA.

JENS BJØRN STAFF, BOARD MEMBER

Mr. Staff (born 1967) is the Group CEO in Skagerak Energi, a Norwegian utility company, since 2020. Mr. Staff has broad executive experience from Orkla where he served as Group CFO for 6 years and Statkraft where he was Group CFO for 3 years. He has also had several executive positions in Statoil over the course of 6 years. He has previously held board positions in Isola Holding AS, Statoil, Orkla and corporate assembly in Jotun. Mr. Staff holds an MBA from the Norwegian School of Economics (2002) and an BA from the Norwegian Business School. In addition to International Directors Program from INSEAD (2022) and the Advanced Valuation program at NYU Stern School of Business (2023). Mr. Staff holds no shares directly and/or indirectly in Nel ASA.

3 Management

HÅKON VOLLDAL, CHIEF EXECUTIVE OFFICER

Håkon Volldal (born 1976) joined Nel as CEO on 1 July 2022. Mr. Volldal served as CEO of the traffic technology company Q-Free ASA from 2016 to 2022. Prior to this he held various positions during a 12-year career at TOMRA, including EVP Collection Solutions from 2013 until 2016. Mr. Volldal has also worked as a management consultant for McKinsey & Company and holds an MSc in Industrial Economics and Technology Management from the Norwegian University of Science and Technology (NTNU). He is a Norwegian citizen.

KJELL CHRISTIAN BJØRNSEN, CHIEF FINANCIAL OFFICER

Kjell Christian Bjørnsen (born 1976) joined Nel as CFO on 1 March 2020. Prior to this he served as Chief Financial Officer of the Kavli Group from 2014. Mr. Bjørnsen has also held positions within business development, strategy and finance in several global industrial companies, including the CFO position of REC ASA. He holds a MSc in Chemical Engineering from the Norwegian University of Science and Technology (NTNU), and is a Norwegian citizen.

MARIUS LØKEN, CHIEF TECHNOLOGY OFFICER

Marius Løken (born 1977) assumed his role as Chief Technical Officer (CTO) of Nel ASA in June 2023. Prior to this, he honed his leadership at TOMRA Systems ASA, ascending through positions like Head of Europe Asia Pacific, Head of Technology, and Head of Product Management. In total, Marius spent over 23 years at TOMRA, making significant contributions across various technological and commercial facets. His academic foundation is rooted in a Master of Science in Mechanical from the Norwegian University of Science and Technology (NTNU), with the master thesis conducted at Michigan Technological University.

TODD CARTWRIGHT, CHIEF COMMERCIAL OFFICER

Todd Cartwright (born 1966) joined Nel as Chief Commercial Officer, effective January 2nd, 2024. A US citizen with a BS in Mechanical Engineering, he brings over 30 years of energy sector experience. Mr. Cartwright has held key roles at CB&I and Technip Energies, notably as Commercial Vice President at the latter. In this role, he led business development, key account management, and strategic partnerships, and was responsible for commercial leadership of strategic projects across legacy and energy transition markets such as CCUS, Hydrogen, Ammonia, BioFuels, LNG, and Circularity.

STEIN OVE ERDAL, SENIOR VICE PRESIDENT LEGAL AND GENERAL COUNSEL

Stein Ove Erdal (born 1979) joined Nel as Vice President Legal and General Counsel in May 2019. Erdal comes from a position as an Associate General Counsel in Nexans Norway AS where he worked for nine years with complex offshore EPCI and EPC projects. He also has experience from working as a lawyer in the oil and gas division of Arntzen de Besche, as a deputy judge and as a defence counsel. Erdal holds a Cand. Jur., Qualifying Law Degree, from the University of Oslo, and is a Norwegian citizen.

HANS H. HIDE, CHIEF PROJECT OFFICER

Hans H. Hide (born 1965) joined Nel in March 2019. Mr. Hide has since 2012 held management positions in some of Kvaerner's largest projects within the oil and gas sector. He has previously served as Project Portfolio Manager in ALSTOM, and as Vice President Projects in REC, where he also held several management positions in the projects covering REC's expansion program within Solar and Silicon. He holds an MSc in Process Technology and Process Control from Telemark College of Engineering, and is a Norwegian citizen.

TUSHAR GHUWALEWALA, SVP PEM OPERATIONS

Tushar Ghuwalewala assumed the role of Vice President of Operations for the PEM Division in April 2020, and assumed full responsibility for PEM Operations in October 2024. Since joining Nel in 2000, Mr. Ghuwalewala has held positions across Engineering, Technical Service, and various Leadership roles. Prior to his tenure at Nel, he contributed to projects supporting NASA at ABB Lummus Global. Mr. Ghuwalewala holds both a Bachelor of Science and a Master's degree in Mechanical Engineering from Tulane University (US), and is a US citizen.

KAI RUNE HEGGLAND, SVP ALKALINE OPERATIONS

Kai Rune Heggland assumed his role as Country Manager for Nel Hydrogen Electrolyser AS and Vice President of Operations for the Alkaline Division in 2022, taking full responsibility for Alkaline operations in October 2024. Prior to joining Nel, he served as Vice President of Operations at Alcoa Aluminum for Europe, the Middle East, and Australia from 2015 to 2020. His career spans from Production Manager in Statkraft, Plant Manager in Elkem Aluminum and different roles in Alcoa as well as different Country Manager responsibilities and Board Member positions in various companies. He holds a Master's degree in Management from BI Norwegian Business School (Handelshøyskolen BI), a Master's degree in Power Systems from the Norwegian University of Science and Technology (NTH), and a Bachelor's degree in Electronics from Agder Ingeniør- og Distriktshøyskole, and is a Norwegian citizen.


e⁻
H_2

4 Report from the Board of Directors

Highlights

- Revenue of NOK 1 390 million in 2024, in line with 2023.

- Year-end cash balance of NOK 1 876 million (2023: 3 363). The cash balance was reduced with NOK 625 million with the spin-off of Cavendish Hydrogen ASA.

- In January 2025, initiated a process to adjust capacity to demand by reducing workforce and temporarily halting production at the Alkaline production facility in Herøya, Norway.

- Order intake in 2024 was NOK 977 million (2023: NOK 1 140 million) which resulted in an order backlog at end of 2024 of NOK 1 614 million, down 23% from 2023.
  - Alkaline electrolyser order and follow-on order from Samsung C&T, each 10MW.
  - PEM electrolyser received a follow-on equipment order of more than EUR 7 million for a European project
  - Entered into a technology licensing agreement with Reliance Industries Limited (RIL).

- Received significant government support for development and industrialization
  - EUR 135 million in grants from EU Innovation Fund for industrialization of next-generation electrolyser technology.
  - USD 141 million in tax credits, cash incentives and grants for the planned production expansion in Michigan during 2024. In total, Nel has secured close to USD 170 million in accumulated support.
  - Nel and partners granted about USD 90 million in funding from Department of Energy for seven research and development projects. About 10 % of the work under the program will be undertaken by Nel.

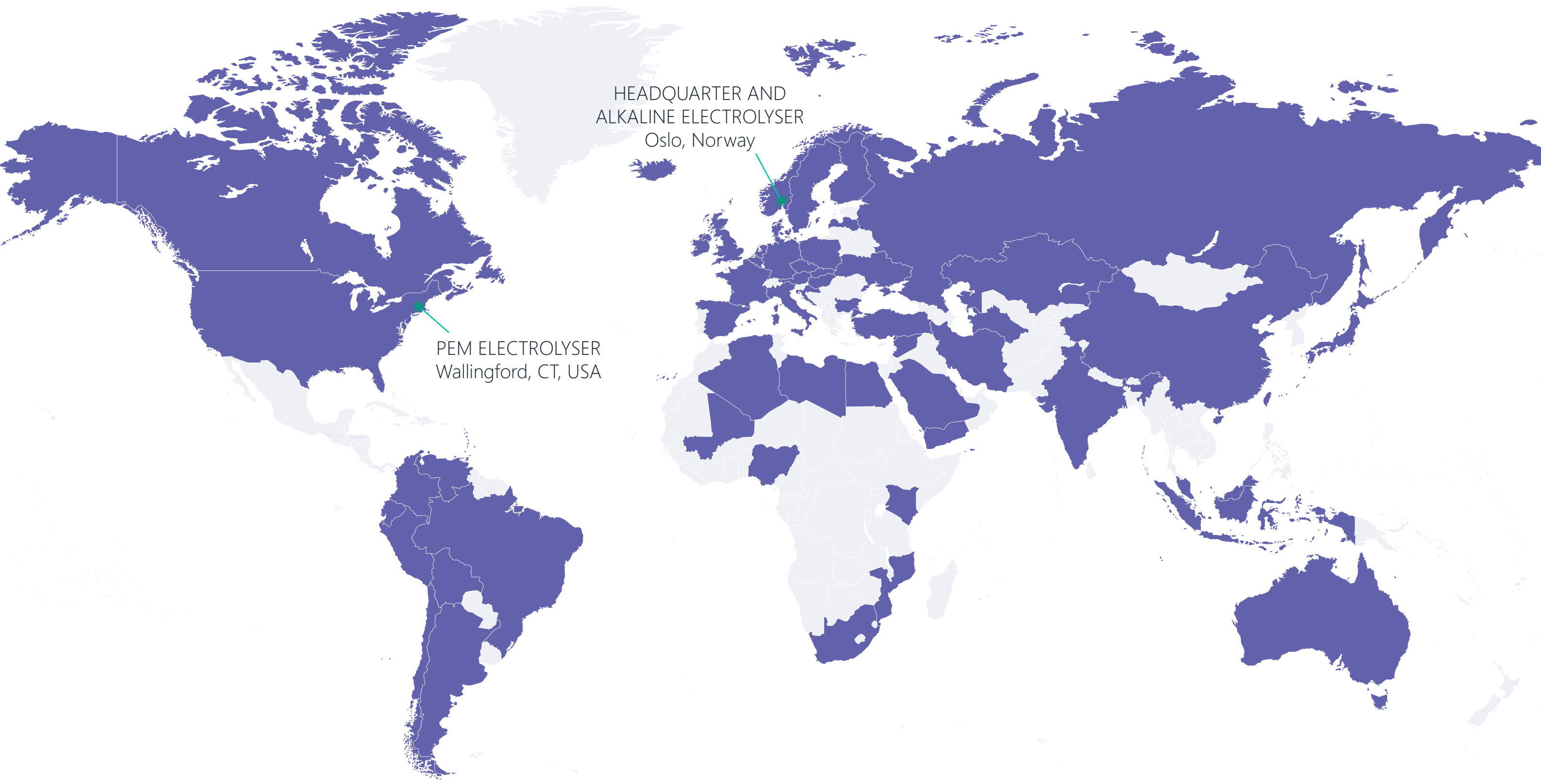
KEY FIGURES CONTINUING OPERATION

PERFORMANCE MEASURES	2024	2023	2022
Revenue	1 390	1 350	708
EBITDA	-173	-272	-428
Operating loss	-389	-444	-552
Pre-tax income (loss)	-264	-574	-464
Net income (loss)	-258	-566	-456
Net cash flow from operating activities	-83	-464	NA
Cash balance end of period	1 876	3 363	3 139
Order intake	977	1 140	1 978
Order backlog	1 614	2 093	2 224
TRIR[1]	5.2	19.7	11.5
Number of fatal accidents	0	0	0
Number of employees	409	418	334
Women in executive management	11.1%	11.1%	11.1%
GHG intensity (excluding scope 3)	0.8	0.9	1.6
Alkaline OEE[2]	65%	67%	70%
Alkaline stack yield[3]	97%	99%	>90%
PEM stack yield[4]	99%	94%	95%

[1] Total recordable injuries rate (TRIR) is measured as total recordable injuries per million hours worked.
[2] Overall equipment effectiveness (OEE) considers all of availability, performance and quality
[3] Yield is defined as a complete product that is quality approved (without repair and rework) and ready for the customer. Material from a not approved product is reused.
[4] Yield is defined as a complete product that is quality approved (without repair and rework) and ready for the customer. Platinum is recovered.

WHERE WE ARE

Nel consists of electrolyser production facilities in Norway and Connecticut, USA, supported by headquarters in Norway. Nel has a sales and support network with global reach.



Nel has historically delivered a few electrolyser systems in Russia. We have sold electrolyser systems to Ukraine during 2021. Business is currently limited in these geographical areas.

MARKETS WE SERVE - A PURPLE WORLD

In total, we have delivered over 3500 electrolyser solutions to over 80 countries.

Our vision

Abundant clean energy for all

As the world's population grows, everyone should have the opportunity to enjoy a high quality of life. Achieving this without increasing carbon emissions requires clean, thriving industries powered by renewable energy and hydrogen. Our vision is a society with abundant clean energy for all.

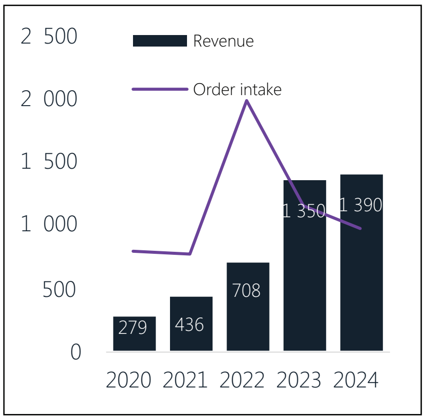
4.1 Financial development

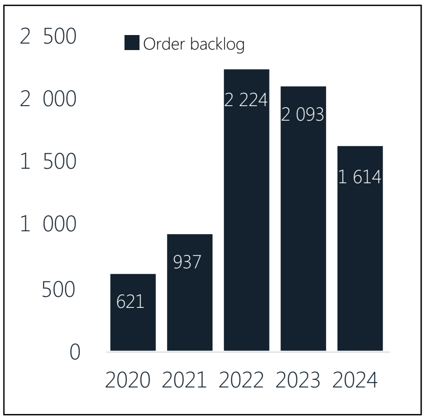
Group

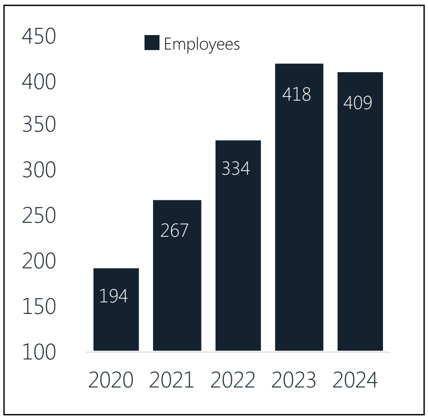
FINANCIAL REVIEW

Amounts in NOK million	2024	2023	CHANGE
Revenue	1 390	1 350	3%
EBITDA	-173	-272	
Order intake	977	1 140	-14%
Order backlog	1 614	2 093	-23%
Number of employees	409	418	-2%
Total assets	6 304	7 046	-11%

REVENUE & ORDER INTAKE, ORDER BACKLOG AND EMPLOYEES







INCOME STATEMENT

(comparable amounts in brackets, in NOK million)
Nel is adjusting organizational and production capacity to meet expected market development, while simultaneously delivering on larger and more complex projects. This continues to impact the company's profitability negatively. While the company has made notable improvements in ability and effectiveness, further developments are necessary to secure margins and increase profitability.

Having sufficient scale is key to winning new orders and reaching profitability. Nel has therefore over the last several years invested in increased production and organizational capacity. As expected, the increased alkaline revenues in combination with solid gross margins had a positive EBITDA impact in the year.

Final investment decisions on large target customer projects were pushed out in time and existing orders were delayed or became at risk of cancellation. During the year, cost reduction and capacity adjustment measures were initiated with further actions taken subsequent to the year end. These measures include a temporary shut-down of the Herøya facility. As a result of implementation time, including notice periods for terminations and temporary lay-offs, the cost reduction measures will reduce the cost base gradually over the first half of 2025.

Nel reported revenue in 2024 of NOK 1 390 million, in line with NOK 1 350 million in 2023. The growth is driven by 15 % revenue increase in Nel Alkaline Electrolyser.

Order intake in 2024 was NOK 977 million (1 140) which resulted in an order backlog at end of 2024 of NOK 1 614 million, down 23% from 2023. The backlog only includes firm purchase orders with agreed price, volume, timing and terms and conditions. The note on Alternative Performance Measures quantifies the distribution of backlog over time and quantifies the risk in the backlog. The decrease in order backlog is mainly explained by lower order intake combined with higher revenues from alkaline electrolyser equipment from the Herøya production facility.

Raw materials expenses totalled NOK 504 million (715), a decrease of 30% from 2023. The decrease is driven by improved margin on ongoing projects, revenue with no delivery of equipment (cancellation fees, technology licensing and engineering hours) and product mix where equipment produced by Nel has a lower material component than third party equipment.

Personnel expenses amounted to NOK 646 million (546). While the number of employees went down by 9 from beginning to end of 2024, the average number of full-time employees went up from 374 employees in 2023 to 423 in 2024. Other operating expenses also increased 18% and totalled NOK 518 million (438) for the year. The high level of personnel and other operating costs are the results of Nel's decision to continue to invest in growth and higher activity levels through 2023 and early 2024.

EBITDA ended at NOK -173 million (-272), negatively impacted by costs for scaling for growth. The EBITDA is also negatively impacted by Nel's customer projects often including new geography, customer segments, technological components and/or products leading to additional costs and risk.

Depreciation, amortisation and impairment increased to NOK 216 million (172).

As a result of all of the above, the operating loss amounted to NOK -389 million (-444).

Net financial items amounted to NOK 125 million (-131). Nel received NOK 128 million in interest from banks in the current year in comparison to NOK 168 million in 2023, a reduction caused by the lower cash balance. The negative 2023 financial items were driven by a negative fair value adjustment of shareholdings in Everfuel, totalling NOK -304 million. Pre-tax loss totalled NOK -264 million (-574) and the net loss for the year was NOK -258 million, compared to a loss of NOK -566 million in 2023.

The results of the discontinued operation are presented separately from the continuing operation as a single amount of profit that amounted to NOK 13 million. The profit includes the results of discontinued operations until distribution, net of tax, which amounted to a loss of NOK 131 million. Furthermore, a gain of NOK 144 million was recognised when distributing the discontinued operation. The gain equals the fair value of the discontinued operation less the book value of the net assets distributed, adjusted for the cumulative foreign currency translation reserve in Other Comprehensive Income recycled to the income statement.

Net loss was NOK -244 million (-855).

Financial position

Total assets were NOK 6 304 million at the end of 2024, compared to NOK 7 046 million at the end of 2023. Total equity was NOK 4 977 million. Thus, the equity ratio was 79%.

Cash flow

Net cash flow from operating activities continuing operations in 2024 was NOK -83 million, compared to NOK -464 million in 2023. The development is positively impacted by the increased volumes sold, offset by higher personnel expenses. 2023 also had an increased net working capital of NOK 458 million. Net cash flow from investing activities continuing operations was NOK -548 million (-598). Nel has purchased property, plant and equipment for NOK 527 (559) million in 2024, mainly related to the alkaline expansion at Herøya, Norway, and PEM expansion in Wallingford.

Nel's cash balance at the end of 2024 was NOK 1 876 million (3 363). The decrease from end of 2023 is mainly due to NOK 625 million in connection with the spin-off of Cavendish ASA and expansion investments of about NOK 411 million.

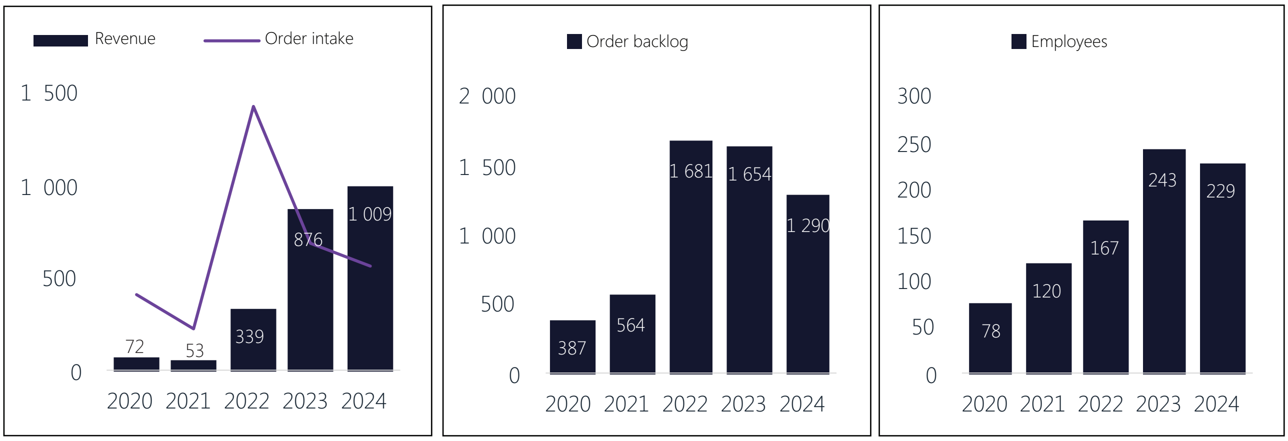
The company estimates it has sufficient working capital for the 12 months following the balance sheet date. In accordance with section 3(3a) of the Norwegian Accounting Act, the board of directors, therefore, confirms that the financial statements have been prepared on the assumption of a going concern.

Nel Alkaline Electrolyser

Financial review

Amounts in NOK million	2024	2023	CHANGE
Revenue	1 009	876	15%
EBITDA	127	-29	
Order intake	577	686	-16%
Order backlog	1 290	1 654	-22%
Number of employees	229	243	-6%
Total assets	2 508	2 028	24%

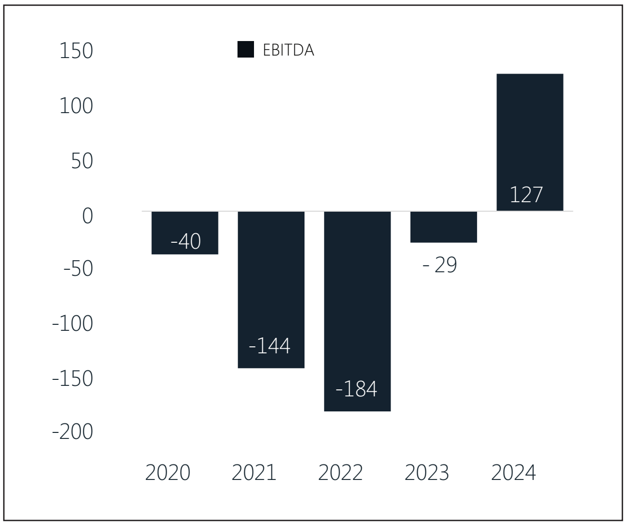
REVENUE & ORDER INTAKE, ORDER BACKLOG AND EMPLOYEES



Nel Alkaline Electrolyser reported strong growth, and revenues were 15% higher than in 2023. Production of electrolyser equipment at Herøya in Norway and sourced third party equipment achieved major milestone deliveries on contracts in the backlog, and a milestone was reached on the technology licensing agreement with RIL. In addition, Revenue and EBITDA this year include NOK 54 million from renegotiation of the Nikola supply agreement.

The order backlog for Alkaline Electrolyser ended at NOK 1 290 million. This was down NOK 364 million from the end of 2023 due to low order intake in the past year. The note on Alternative Performance Measures quantifies the distribution of backlog over time and quantifies the risk in the backlog. Nel has secured paid front-end engineering and development studies for projects above 100 MW. These activities lay the foundation for future order intake of firm equipment orders. In 2023 and 2024 order intake was low as final investment decisions on large target customer projects were pushed out significantly in time.

As a result of renewable hydrogen projects taking longer time to reach final investment decision than anticipated and existing contracts being significantly delayed or cancelled as customers fail to secure funding, Nel has an increased inventory of finished goods and lower backlog for 2025 delivery. Nel's cost structure and the utilization of the Herøya production capacity are therefore being adjusted to market demand. However, increased fixed costs from higher production capacity will continue to negatively influence results until more orders have been secured. Number of employees decreased to 229, compared to 243 at the end of last year.



EBITDA for the year was NOK 127 million compared to NOK -29 million last year. The EBITDA is improving, and the Alkaline segment reported a positive EBITDA for the first time full year. In addition to the NOK 54 million from renegotiation of Nikola supply agreement, the EBITDA improved, compared to last year, by NOK 102 million driven by higher revenues, solid gross margins on equipment deliveries and technology license milestone payments. Project margins are generally up compared to previous years as contractual terms are more favourable and execution has improved. EBITDA includes R&D expenses of NOK 103 million (76) in 2024.

DEVELOPMENT AND KEY PROJECTS

Technology development

As the renewable hydrogen industry continues to develop, Nel is at the forefront of the industrialization of electrolyser production and of product development within several electrolyser technologies. Nel is continuing to invest in the development of large-scale industrialisation of electrolyser products. Also, further development of the current atmospheric alkaline technology towards larger capacity solutions is ongoing. In addition, Nel is working to develop a pressurized alkaline electrolyser. All of these three development activities target increases in functionality and decreases in levelized cost of hydrogen for our current and future customers and are intended to increase demand for our products globally.

Total technology spend for 2024 in Alkaline was NOK 225 million (152), of which NOK 121 million (76) and NOK 103 million (76) has been capitalised and expensed, respectively.

Pressurised alkaline electrolyser and EU grants

Nel has been developing its next-generation pressurized alkaline technology for more than six years. The technology is currently being prototyped with promising results, and the potential industrialization is being planned for the Herøya, Norway facility.

For the industrialization of this next-generation pressurized alkaline technology, Nel has been selected for a grant from the EU Innovation Fund of up to EUR 135 million. The EU support will be phased with Nel's own investments for up to 4 GW of capacity for pressurized electrolyser equipment in Norway. Decision to start building and later expand the capacity depends on achieving successful testing, market acceptance of the new technology and overall market development.

Production capacity development

In an effort to meet the global ambitions for renewable hydrogen, Nel initiated in 2022 a continued expansion at Herøya in Norway with an additional 500 MW alkaline production line. This line was operational from April 2024. However, due to low order intake during 2024 and delays and cancellations of projects in the order backlog, production at Herøya has been temporarily halted as of January 2025. There are no contractual commitments beyond December 2024 for the Herøya production lines. Restarting of the line and any further capacity expansion will be closely aligned with developments in our commercial backlog. Nel has completed building modifications at Herøya and received long-lead time items to prepare for further expansion when the time comes

Key commercial activities

- Order intake in 2024 was NOK 557 million (2023: 686) which resulted in an order backlog at the end of 2024 of NOK 1 290 million, down 22% from 2023.
- Realigned the relationship with Nikola and will support Fortescue on its 80 MW Phoenix hydrogen hub, for a total consideration of approximately USD 20 million.
- Entered into a technology licensing agreement with RIL. The agreement provides RIL with an exclusive license for Nel's alkaline electrolysers in India and for captive projects globally.
- Nel Alkaline Electrolyser received purchase orders for:
  - A 10MW alkaline electrolyser to Samsung C&T for its off-grid green hydrogen production project
  - Another 10MW alkaline electrolyser to Samsung C&T for nuclear integration project

SUBSQUENT EVENTS

- About 73% of the net trade receivables past due in group accounts note 6.2 are related to one customer. This year includes no revenue from this customer. Nel has security for the unpaid net trade receivables from this customer in the sold goods. Subsequent to the year, on 15 January 2025, the parties agreed that Nel use the collateral as consideration for the receivables. The collateral value, i.e. the payment for the goods, will offset the receivables from this customer.

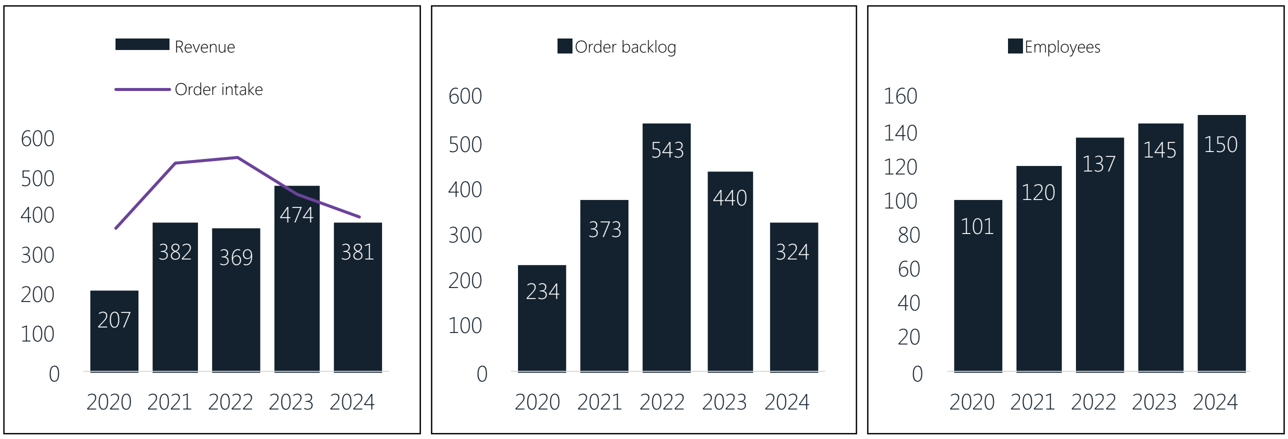
- Initiated a process to adjust capacity to market demand by reducing the workforce and temporarily halting productions at the Alkaline production facility in Herøya, Norway

Nel PEM Electrolyser

Financial review

Amounts in NOK million	2024	2023	CHANGE
Revenue	381	474	-20%
EBITDA	-165	-130	
Order intake	400	454	-12%
Order backlog	324	440	-26%
Number of employees	150	145	3%
Total assets	1 755	1 591	10%

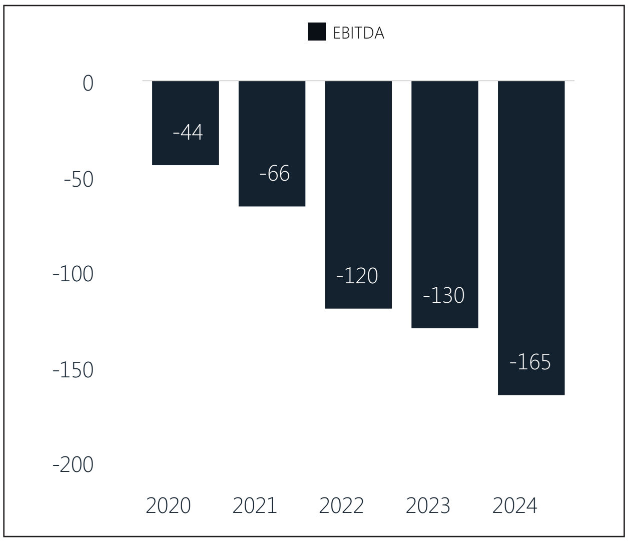
REVENUE & ORDER INTAKE, ORDER BACKLOG AND EMPLOYEES



Nel PEM Electrolyser revenue in 2024 was 20% lower than in 2023 driven by lower sale of smaller systems.

The PEM segment has an order backlog of NOK 324 million, down 116 million from 2023. The decrease in order backlog is mainly explained by lower order intake in 2024. Towards the end of the year, the overall demand for PEM seemed to be increasing for 2-20MW projects.

The 500 MW expansion program for Wallingford facilities remains on plan and the facility is expected to be fully operational soon. The increased capacity will allow for a significant continued growth in revenues and a significant decrease in production cost per unit over time. Actual capacity utilization depends on order intake. PEM continued its scaling activities including a 3% increase in number of employees during the year.



EBITDA for the year was NOK -165 million (-130). As for the alkaline segment, project margins are in general up compared to previous years due to more favourable terms and conditions and better execution of production and delivery projects. EBITDA includes R&D expenses of NOK 126 million (76) in 2024.

DEVELOPMENT AND KEY PROJECTS

Technology development

As the renewable hydrogen industry continues to develop, Nel is at the forefront of the industrialization of PEM production and of product development within several electrolyser technologies. Nel is continuing to invest in the development of large-scale industrialisation of electrolyser products. In order to meet new large-scale opportunities within the PEM portfolio, Nel is developing a next generation PEM platform. All of these development activities target increases in functionality and decreases in levelized cost of hydrogen for our current and future customers and are intended to increase demand for our products globally.

Total technology spend for 2024 in PEM was NOK 140 million (131), of which NOK 15 million (55) and NOK 126 million (76) has been capitalised and expensed, respectively.

Production capacity development

In 2023, Nel initiated expansion and automation of the PEM electrolyser production capacity in Wallingford, Connecticut. The expansion will bring annual production capacity towards 500 MW in 2025. The carrying amount for the Wallingford expansion is NOK 291 million as of 31 December 2024. Total contractual commitments beyond December 2024 for the expansion are NOK 55 million, including purchase contracts for equipment.

Key commercial activities

- Order intake in 2024 was NOK 400 million (2023: 454) which resulted in an order backlog at the end of 2024 of NOK 324 million, down 26% from 2023.

- Nel and partners receive about USD 90 million in funding from Department of Energy (DoE) for seven research and development projects. Nel is the leading partner on one of the seven projects. Approximately 10% of the work under the R&D programs will be undertaken by Nel.

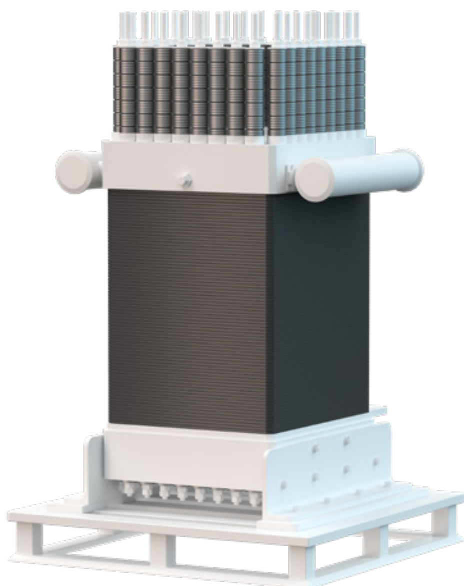
- The US Department of Energy (DoE) and the state of Michigan have awarded a collective USD 75 million in cash incentives and grants for Nel's next electrolyser production facility in Michigan. In addition, Nel has been awarded up to USD 41 million in investment tax credits for its planned manufacturing expansion in Michigan as part of the Qualifying Advanced Energy Project Tax Credit (48C) program. During 2024, including the two mentioned supports above, Nel received USD 141 million in tax credits, cash incentives and grants for the planned production expansion in Michigan. In total, Nel has secured close to USD 170 million in accumulated support for the planned Michigan facility. The factory will be built in stages in order to better align supply with demand, and investment decision for initiating construction has not been made.

- Nel PEM Electrolyser received large purchase orders for a follow-on equipment order of more than EUR 7 million for a European project.

- Other purchase orders during the year include multiple smaller containerized electrolysers, and industrial products.

SUBSEQUENT EVENTS

- On January 21, 2025, Nel received purchase order for 5 MW of containerized PEM electrolysers for approximately USD 7 million.



Corporate developments

- On 7 February 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 in connection with certain agreements for delivery of fueling equipment and services between Nel Hydrogen Inc. and Iwatani Corporation of America. Nel and its subsidiaries strongly reject the allegations made in the lawsuit by Iwatani Corporation of America and will vigorously oppose the allegations and the lawsuit. The lawsuit was filed with the United States District Court in the Central District of California. The relevant subsidiaries, now former subsidiaries, are now fully owned by CAVEN.
- 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.

SUBSEQUENT EVENTS

- Nel ASA and its subsidiaries initiated a process to adjust capacity to market demand by reducing the workforce and temporarily halting production at the Alkaline production facility in Herøya, Norway

SHAREHOLDERS AND FINANCING

Nel's shares are listed on the Oslo Stock Exchange under the ticker "NEL". At the end of 2024, the company had 1 671 325 304 issued shares, each with a nominal value of NOK 0.20 per share. This comprised 1 670 907 271 outstanding shares and 418 033 treasury shares.

Euronext VPS recorded 23 941 known shareholders as of 31 December 2024. In addition, a substantial number of unknown shareholders owning shares through custodians, such as Clearstream Banking. The list of known shareholders includes a considerable number of Nordic institutional investors and private investors. Regarding the unknown shareholders, Nel's last investigation of investors owning shares through custodians indicated a large number of the shareholder base was located in Continental Europe. According to new laws, a detailed shareholder overview will be available no later than six weeks before the annual general meeting and can be requested via the company's website.

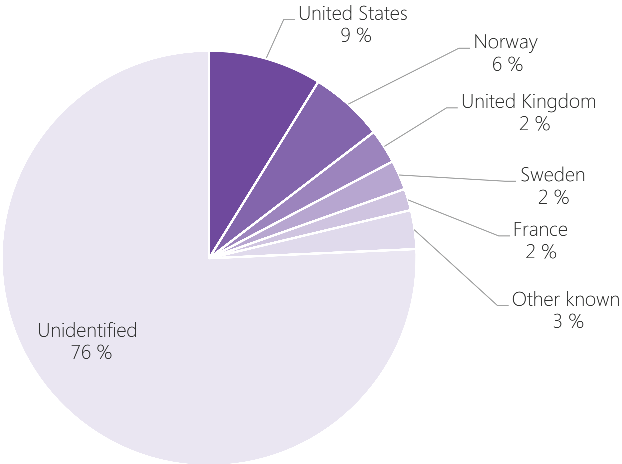
According to FactSet, which monitors filings from institutional investors (not always visible on Euronext VPS), we find the following top 20 shareholder overview (on an ultimate parent level) as of 31 December 2024.

Distribution of known institutional shareholders

TOP 20 INSTITUTIONAL SHAREHOLDERS		% OF SHARES OUTSTANDING
1	The Vanguard Group, Inc.	3.57
2	BlackRock Fund Advisors	2.16
3	Handelsbanken Fonder AB	1.90
4	DNB Asset Management AS	1.66
5	BlackRock Advisors (UK) Ltd.	1.28
6	Storebrand Asset Management AS	1.28
7	KLP Kapitalforvaltning AS	1.27
8	Legal & General Investment Management Ltd.	1.06
9	Folketrygdfondet	1.05
10	Montpensier Finance SAS	0.99
11	Van Eck Associates Corp.	0.90
12	Global X Management Co. LLC	0.82
13	Deutscher Sparkassen-und Giroverband eV	0.39
14	Swedbank Robur Fonder AB	0.38
15	Alfred Berg Kapitalforvaltning AS	0.37
16	green benefit AG	0.35
17	Penserra Capital Management LLC	0.35
18	Dimensional Fund Advisors LP	0.28
19	BNP Paribas Asset Management Europe SAS	0.28
20	DWS Investment SA	0.27

Source: FactSet, as of 31.12.2024

Country of known institutional shareholders/insiders according to FactSet



Source: FactSet as of 31.12.2024

The company has placed considerable emphasis on providing shareholders, capital market participants and other stakeholders with timely and relevant information about the company and its activities in compliance with applicable laws and regulations. Nel is committed to increasing awareness of the share in Norway and abroad and believe in a transparent and honest communication with the market.

STRATEGY

Nel has a history tracing back to 1927 and is today a leading pure play hydrogen technology company with a global presence. The company specializes in electrolyser technology for production of renewable hydrogen. Nel's product offerings are key enablers for a renewable hydrogen economy, making it possible to decarbonize various industries such as transportation, refining, steel, and ammonia.

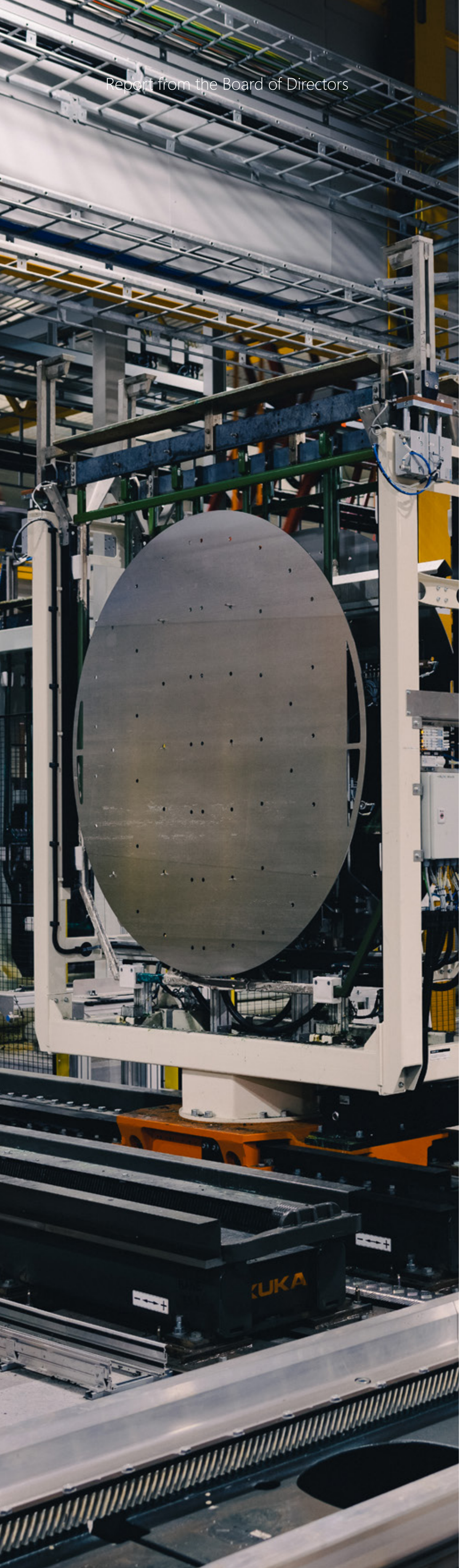
Governments and companies continue to focus on their energy transition and greenhouse gas reduction roadmaps. For many, renewable hydrogen is an integral part of the strategy. Nel is working to meet this rising demand by investing significantly in developing reliable, efficient, and affordable energy solutions that support environmentally sustainable activities.

Nel's analysis of the market is in line with the industry trend reports, showing that investments in electrolyser projects will continue to grow significantly in the coming years. While today, some of Europe's largest installed hydrogen plants are approximately 20 MW in size, future production plants are expected to scale to hundreds of MW and then to GWs over the next years. Nel will pursue a broad market strategy, with a view towards winning large-scale orders globally.

Nel is a leading global electrolyser supplier, offering both AWE (alkaline water electrolysis) and PEM (proton exchange membrane) technology globally. Nel's electrolyser technologies have improved continuously and set the industry standard for performance and levelized cost of hydrogen. Key to Nel's strategy is to continue to improve and standardise current AWE and PEM products for different operating conditions, as well as to develop adjacent technologies.

The fully-automated production facility in Herøya, Norway made Nel an early mover in the industrialization of electrolyser production. This has been replicated on the PEM platform in Wallingford, US in 2024. To enable future growth and decrease cost through scale, volume and automation, Nel Electrolyser plans to continue to align capacity to meet market development.

Nel expects to sell and deliver directly primarily in Europe and North America, as well as other selected regions, over the next couple of years until larger projects in other projects start to materialize. As many of the largest projects are likely to be located in geographical areas with abundant resources of wind and solar energy, reducing electricity prices and carbon footprint, important export markets longer term is expected to include Asia, Middle East and Australia. Nel Electrolyser has



a partnership strategy and a network of agents across the globe to service other geographical markets.

In addition, for larger capacity projects Nel has narrowed its scope of supply, concentrating on offering high-efficiency/low-cost cell stacks and gas separation units. Working closely with selected EPC, energy providers and downstream technology partners enables Nel to respond to customer requests outside Nel's preferred scope.

CLIMATE-RELATED SCENARIO RESILIENCE IN NEL'S STRATEGY

Considering that 100 % of Nel's revenue comes from renewable hydrogen technology, the resilience of Nel's strategy within the different climate-related scenarios is robust. Key considerations are how fast our customers' industries will grow and develop, how complex and price competitive this sustainable technology will be, and developments within renewable energy and the related grid. Nel's strategy is stress-tested against different scenarios to assess parity with both fossil energy, grey and blue hydrogen. The hydrogen market is already large, but with only a fraction served by water electrolysis there are significant opportunities to transition the existing market into being increasingly renewable. In addition, we see regulations supporting the transition across the globe, with the EU and the US pledging hundreds of billions of dollars into zero-emission programs where hydrogen is the energy carrier of choice. Growth is expected not only to come from industrial applications, but also from currently transitioning diesel-based heavy-duty transportation, maritime and other hard-to-electrify applications into zero-emission hydrogen. In order to meet cost-efficiency comparisons with diesel, these developments will require low-cost electrolysis combined with low-cost clean energy.

There is significant uncertainty associated with the timing and pace of the growth expected in the hydrogen industry as it relates to renewable energy (as storage or carrier) and the decarbonization of industrial activity (such as refinery, steel or fertilizer production) and transportation (airline, marine, vehicles). There is a risk that Nel is moving either too quickly or too slowly, meaning we are either over- or under investing in assets, technology and/or human capital development. Nevertheless, the global focus on addressing climate change through decarbonization is the megatrend that underpins our current strategy, and which is being supported by our increasing levels of revenue.

STRATEGIC ALLIANCES

Cooperation is vital in the renewable hydrogen industry. Combining resources, expertise and knowledge is a key enabler that allows us to improve our entire value chain effectively and rapidly, from engineering and procurement through installation, service, commissioning and aftersales. Strategic alliances can help shorten the timeline to achieving full competitiveness for our technologies. We are engaged in numerous strategic alliances, both domestically and internationally, with partners that share our values and commitment to customer dedication. We are actively pursuing new alliances in all areas of our business.

Some of our alliances include:

- EPC-partners: Enabling turnkey solutions for large scale hydrogen production facilities with predictable project execution.
- Energy sources: Working with solar, wind and other technology providers to optimize the interface between renewable energy and electrolysis and optimizing the cost of renewable hydrogen production through seamless operation between the power supply and the electrolysis process.
- Downstream technology partners: Optimizing the total offering through technical collaboration with specialists in key customer segments such as ammonia, methanol and local back-up power.

MEMBERSHIPS AND ASSOCIATIONS

Nel is member of several associations with a national, European and global footprint. Our presence in these associations enables us to communicate our position, market our technologies and support the development of appropriate hydrogen legislation and regulation.

Some of our memberships include:

MEMBERSHIP AND ASSOCIATION	ROLE
Hydrogen Europe (EU)	Corporate member
Fuel Cell & Hydrogen Energy Association, FCHEA (US)	Corporate Member
Hydrogen Council (International)	Corporate member
Norsk Hydrogenforum (Norwegian Hydrogen Association)	Corporate member
Renewable Hydrogen Alliance (US)	Corporate member
Clean Hydrogen Futures Coalition, CHFC (US)	Corporate member
California Hydrogen Business Council, CHBC (US)	Corporate member
Ammonia Energy Association (US)	Corporate member

Risks and opportunities

Nel's regular business activities entail exposure to various types of risk. The company proactively manages such risks, and the board of directors regularly analyses Nel's operating performance, and potential risk factors and takes steps to reduce and mitigate risk exposure.

Nel places strong emphasis on quality assurance and has implemented quality-assurance systems in line with the requirements applicable to its business operations.

Nel is operating in a rapidly-evolving global industry, with a long list of initiatives in many regions. The need to address opportunities and make investments ahead of actual market demand and revenue recognition, balanced with the need to appropriately allocate capital and demonstrate a viable business model, is a continual challenge.

In this phase of development, the risks associated with technological change are higher than in more mature industries. Competitors' or new entrants' innovations in the hydrogen industry could make our current technologies, and those under development, less relevant for the future. Additionally, if competitors gain advantages in the performance of current or in the development of alternative electrolyser technologies, this could affect the competitive position of the group.

Nel's ability to grow depends to a substantial degree on its ability to successfully acquire new customers, and to maintain and grow its relationships with existing customers. A number of Nel's existing and potential customers are themselves planning for substantial growth, and should these customers fail to succeed with their business plans or fail to fulfil their contracts with Nel, Nel's sales to such customers may be adversely affected.

Nel is also to a certain degree dependent on a limited number of third-party suppliers for key production components for its electrolyser products. To reduce sourcing risk, Nel's supply chain strategy is to have dual supply chains. Nevertheless, Nel does have a few single-source components and is at risk of temporary supply chain disruptions should one or more suppliers fail to deliver. Another supply chain risk is whether suppliers can continue to operate under the uncertain market developments inherent in this industry.
In addition to making its current supply chain more robust, Nel is working to facilitate volumes from important sub-suppliers. The timing of addressing such elements and risks is important, as there are risks in both overshooting and not meeting market demand adequately.

CLIMATE-RELATED RISK FACTORS

Nel assesses climate transition risks into two major categories: (1) risks related to the transition to a low-carbon economy and (2) risks related to the physical impacts of climate change. No climate related risk has been identified to affect our physical assets or operations in the short and mid-term. Climate events may increase the requirements for product safety or the water supply for production of hydrogen via electrolysis. These risks are not considered to have a severe impact to our operations, although consideration shall be taken for alternative sources of water in water stressed regions (such as water desalination) or increased product safety test against climate event (such as flooding and earthquake).

The climate transition will also allow customers and governments to select the product technology that better suit their need. Nel foresee an increased risk related to product failure and technology obsolescence. The reputational damage risk from product failure and failure to meet high expectation from our customers may affect the eligibility of our equipment technology. Nel prioritize investments in R&D, allocating resources to meet regulation and market demands.

Lastly, the local authorities and governments have an important role in the renewable hydrogen sector by enacting legislations that support research and innovation and scalable investments in production and infrastructure. Reduced and/or delayed support from governments will delay the developments of the renewable hydrogen industry. Political incentive schemes such as the Inflation Reduction act in the United States and the Hydrogen Bank in the EU are expected to be important contributors to developing the industry.

Outlook

SUSTAINABILITY FUTURE PROSPECTS

The growing urgency of shifting to a low-carbon economy is set as a high priority for several governments following the warmest year since pre-industrial era. Being accountable for our environmental footprint is emerging as a pivotal component in corporate transparency, and we aim to provide information as expected by our key stakeholders. Nel strongly believes that the renewable hydrogen market has a potential of great magnitude, supported by a wide body of research. Virtually every industry needs to realign their energy mix if we are to stand a chance of achieving the UN Sustainable Development Goals, where renewable hydrogen will be a part of the energy mix that enables the transition. With an ambitious strategy of drastically reducing the levelized cost of hydrogen (LCOH) to customers, we have established a solid framework for our technology, engineering and production divisions for the years to come. We must ensure that sustainable business practices are guiding our operations, with scalability, cost-leadership and world-class safety at our core. During the ramp-up stage of our business, taking a precautionary principal approach is necessary to promote sustainability within the organization. Moving forward, our global presence, coupled with strong financing, will help us remain the preferred partner.

FINANCIAL OUTLOOK

Nel's strategy is to deliver reliable and energy-efficient electrolyser stacks and balance of stack systems to mid- and large-scale projects, initially in Europe and North America and over time in other markets. To handle the scope Nel does not cover, Nel has partnered with world-class EPC companies like Saipem. Nel is well positioned to maintain a leading role among electrolyser manufacturers. This approach allows Nel to focus its efforts and resources on improving its core technology.

The company is well positioned to maintain a leading role among electrolyser manufacturers. A proven track record of delivering working electrolyser systems over several decades, a diverse product portfolio covering both alkaline and PEM solutions, and automated GW-scale production facilities are important differentiating factors. Nel also continues to make significant investments in improving the performance of current technology platforms and maturing next generation technologies, for example a pressurized alkaline system and a new PEM stack developed in collaboration with General Motors.

Delays in announced government incentives, higher interest rates, and higher than expected costs for building and operating hydrogen facilities (outside of Nel's core scope) have led to lower than expected order intake for the industry as a whole and for Nel in the last two years. Nel has a solid cash balance that allows the company to fund its growth plan even if order intake has been lower than expected and there have been delays and cancellations of already signed projects.

Following the spin-off of its former Fueling division (now Cavendish Hydrogen), Nel's operational cash burn-rate has been significantly reduced. Investments will also come down in 2025 compared to 2024 following the PEM plant expansion program in Wallingford, USA, last year. Nevertheless, to manage its cash balance responsibly and prolong its runway, Nel has downsized its organisation and reduced its manufacturing capacity utilisation. The alkaline production facility in Herøya, Norway, was temporarily shut down in the first quarter of 2025. The length of the shut-down will depend on future order intake.

Several high-quality projects with reputable clients continue to mature and get closer to final investment decisions. In the near- to mid-term, Nel expects projects to be smaller than what was anticipated a few years ago. Nel is well-positioned to capture these near-term opportunities and scale with the market as it grows. The Company's reduced cost base and reduced investment plan in 2025 can be achieved without compromising on technology development and strategic position as the company already has established significant annual production capacity available can harvest prior investments. Higher revenues in combination with more efficient execution is expected to yield profitability over time, as already been demonstrated in the alkaline segment in quarters with solid capacity utilisation.

Our values

We are bold

We lead the way in our industry, dare to place calculated bets and turn what used to be impossible into reality

We are honest

We do what we say and are open about what we do, share knowledge and experiences with our colleagues and customers, and hold ourselves accountable if we make mistakes

We keep it simple

We always focus on our core business targets, develop simple and time-efficient processes, and move forward at great speed

4.2 ENVIRONMENT, SOCIAL AND GOVERNANCE ("ESG") REPORT

ESG POLICY

At Nel, sustainability is an integral part of the identity. The vision is to empower generations with clean energy forever. This vision is driving ambitions and priorities. Combating climate change is high on the corporate agenda, and sustainability is always incorporated into the strategic decision-making processes. The Board of Directors (BoD) is responsible for sustainability at Nel and is the owner of the ESG policy. The Board Audit, Risk and Sustainability Committee (BARSC) is the preparatory body to assist the BoD in exercising its oversight of ESG matters. Further, the Chief Executive Officer (CEO) has delegated the authority and responsibility to the Chief Financial Officer (CFO) for implementation and execution of the key principles as outlined in this policy. General follow-up and execution of daily operations is conducted by a dedicated ESG committee, consisting of members from group management and the business line. The ESG policy is available on Nel's website. Visit **www.nelhydrogen.com/sustainability**.

GENERAL BASIS FOR PREPARATION

Nel is reporting on sustainability on a group level, and reports on metrics and targets in an integrated annual report with reference to, using certain concepts of, the GRI Sustainability Reporting Standards (GRI Standards: Core option). The report implements considerations found in Norwegian Accounting Act, Task Force on Finance Related Disclosures (TCFD), Euronext ESG Guidelines for listed companies, UN Guiding Principles on Business and Human rights, the UN Global Compact and the OECD's Guidelines for Multinational Enterprises.

In addition, this sustainability report aims to take the first steps toward Nel's upcoming reporting in accordance with the EU Sustainability Directive (CSRD). The CSRD requirements are expected to be fully implemented for the reporting period starting as of 1 January 2025.

CSRD compliance considerations

The European Commission adopted legislative CSRD and its European Sustainability Reporting Standards ("ESRS") entered into force for reporting periods starting as of 1 January 2024 in the European Union and in Norway. The date of application of these sustainability reporting requirements varies depending on the specific reporting requirement and on the category of undertaking.

As these requirements are introduced by way of a Directive, the specific rules that apply to listed companies are the ones set out in the national legislation transposing the Accounting Directive as amended by the CSRD, as well as by Commission Delegated Directive (EU) 2023/277520 that has adjusted the size criteria applicable to the definition of micro, small, medium-sized and large listed companies.

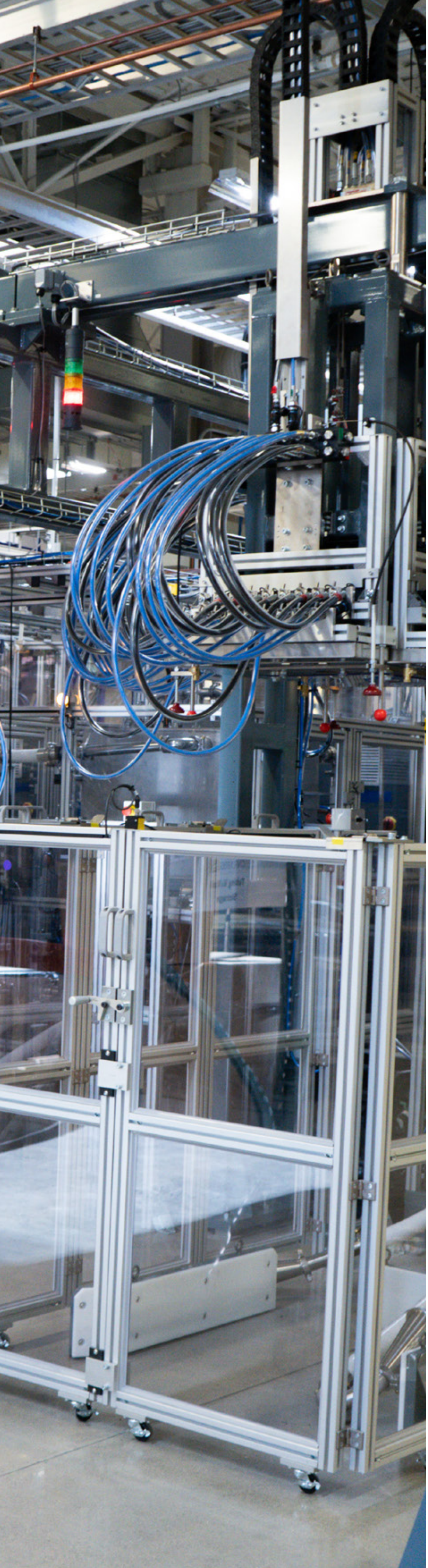
CSRD regulation has been enacted for Norwegian listed companies, applicable for reporting periods starting as of 1 January 2024, for large, listed companies with average employees above 500 on a full-time equivalent (FTEs) basis and revenue above NOK 320 million.

In June 2024, Nel spun-off its Fueling segment, and thereby reducing the size of the group. This corporate action impacts how average FTEs are counted in 2024 for Nel. Reviewing relevant national rules in NRS 8 and IFRS 5, Nel has concluded that relevant size of the Nel ASA group should be considered on the basis of the operation it controls as 31 December 2024, i.e. the continuing operation. With reference to note 2.5 in the annual accounts, the average FTEs in 2024 is far below 500. Consequently, Nel considers itself not being part of the list of large companies on Euronext Oslo Stock Exchange subject to application of the CSRD in 2024.

It is expected that the stepwise implementation of reporting requirements in Norway will become applicable for Nel in 2025, being a large enterprise with average FTEs above 250. Although Nel is not required to prepare the ESG report in 2024 in accordance with CSRD, the company has prepared an ESG report inspired by the new framework, including conducting the double materiality assessment and report on the material sustainability-related impacts, risks and opportunities.

DOUBLE MATERIALITY

As a key element of the work to prepare for the CSRD reporting, Nel have conducted a double materiality assessment (DMA). To do this, the company built on the approach previously taken to assess the materiality of sustainability-related matters. The company's second DMA was conducted this year to capture learnings that will help further improve the methodology next year. Nel has applied the implementation guidance published by EFRAG and developed a step-by-step process, scoring matrices, and a model for aggregation and prioritisation.



The starting point was the impact assessment (inside-out) of Nel's impacts on the environment and society, which builds on how the company have previously identified and assessed the sustainability-related impacts of our own operations and value chain. The company also conducted a financial assessment (outside-in) of the sustainability-related risks we are exposed to as a business. Where possible, we quantified the effects of those matters and supplemented with qualitative assessments.

Double materiality assessment methodology

Scope

For our own operations, we identified and assessed impacts on people and the environment as well as potential risks to our business, focusing on specific activities where impacts are not relevant across technologies. Furthermore, we assessed our value chain impacts and risks for most topics, primarily focusing on our upstream activities. Value chain assessments were based on internal knowledge and mainly focused on the company's first-tier suppliers.

Scoring

As per the ESRS guidance, three parameters of 'scale', 'scope', and 'irremediable character' have been used in the scoring of the 'severity' of our actual impacts:

- When scoring 'scale', we assessed how grave the negative impact is or how beneficial the positive impact is for people or the environment
- When scoring 'scope', we assessed how widespread the negative or positive impacts are. In the case of environmental impacts, the scope may be understood as the extent of environmental damage or a geographical perimeter. In the case of impacts on people, the scope may be understood as the number of people adversely affected.
- When scoring 'irremediable character', we assessed whether and to what extent the negative impacts could be remediated, i.e., restoring the environment or affected people to their prior state

For potential impacts, an additional parameter of 'likelihood' was scored.

For negative actual impacts, each of the three dimensions above were scored and weighted equally for severity. For negative potential impacts, 'severity' and 'likelihood' were weighted 50/50. For positive actual impacts, 'scale' and 'scope' were scored and weighted equally for severity. For positive potential impacts, 'likelihood' was also considered as for negative potential impacts.

The assessment also considered whether the topics, sub-topics and sub sub-topics were human rights related, for which scoring has been assessed the highest of scale, scope and irremediability.

Stakeholder engagement

Nel's double materiality is designed for increased dialogue with stakeholders and a comprehensive due diligence process to assess how the impacts, risks and opportunities created by our business and its value chain affect people and the environment. The preferred channels to engage with stakeholders in 2023 and 2024 were meetings, conferences, peer reviews, monitoring of media and publications of organization classes and focus groups. Nel combined these methods to evaluate the scale, impact and irremediability of ESG topics that were identified during the engagement with stakeholders. The table below summarizes key methods used to engage with stakeholders in 2023 and 2024:

STAKEHOLDER GROUP:	METHODS OF ENGAGEMENT:	MINIMAL FREQUENCY OF ENGAGEMENT:
Customers	• Project meetings • Site tours and audits • Tender responses and presentation	Daily
Suppliers	• Site visits • Screening and qualification processes • Supplier Audit program	Daily
Employees	• Code of Conduct and compliance training • Performance dialogues and reviews • Town hall meetings • Culture engagement through WinningTemp tool • Negotiation with employee representatives (labor unions or equivalents)	Daily
Shareholders and capital market participants	• Quarterly results presentations and capital market days • Conferences, ad hoc meetings, and site visits • Stock exchange filings, press releases	Quarterly, ad hoc
Governments	• Meetings • Site visits • Reports and websites	Ad hoc
Partners	• Joint projects • Multi-stakeholder collaboration	Weekly, ad Hoc

In addition, an extensive ESG research was performed in 2023 assessing the impacts of our value chain on people and environment as well as a financial materiality assessment evaluating how our impact on people and environment that can affect Nel's profitability, access to capital and market development.

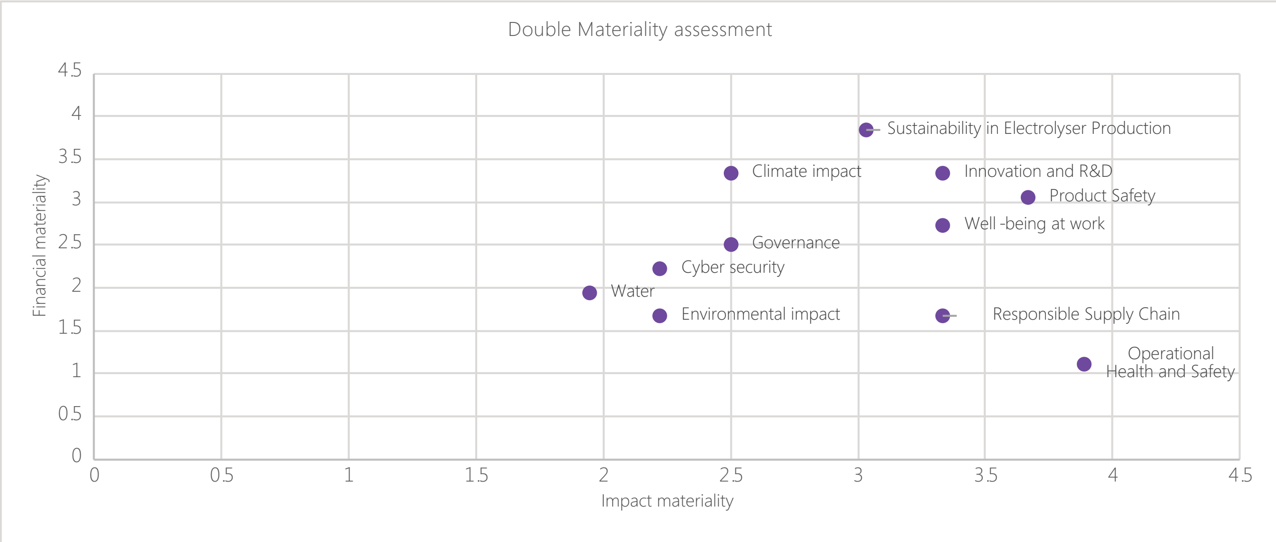
In 2024, Nel implemented a new tool for soliciting regular feedback from employees. In addition, workshops with employees directly dealing with key stakeholder groups were held. The ESG risk management process was embedded into the Enterprise Risk Management ("ERM") program for consolidation of risk governance in a unified risk platform. As part of the ERM, key performance indicators were designed to measure and track the efficiency of ESG policies and procedures for all material risks identified in our double materiality assessment. The key performance indicators and respective targets are disclosed on the sections for each subtopic of this ESG report.

We have identified our impacts on the environment and society (impact materiality assessment) as well as the sustainability-related risks that we are exposed to (financial materiality assessment). The outcome is aggregated per ESRS topic, showing that E1, E5, S1, and S2 are our most material sustainability matters. In addition, Nel identified material topics within entity-specific as innovation and R&D, sustainability in electrolyser production and cyber security.

The environmental impacts and risks we have within E1 and E5 are closely linked to our strategic efforts to deliver a build-out of electrolyser manufacturing capacity to provide for equipment producing renewable hydrogen. The deployment of new electrolyser capacity mitigates climate impacts but also requires significant amounts of renewable energy sources, as well as natural resources such as metals to produce steel with indirect negative impacts on the climate and the environment.

The build-out of renewable hydrogen value chain also affect people, which is reflected in the impacts and risks we have within S1 and S2. We focus our efforts on making the energy transition just and inclusive, including for people working across the renewable hydrogen supply chains.

The summary results of our preliminary Double Materiality Assessment are disclosed in graphic format in a scoring scale of 1 (not material) to 5 (most material) for the sustainability matters:



Visit **www.nelhydrogen.com/sustainability**.

SOURCE OF ESTIMATE OR UNCERTAINTY

Stakeholder feedback for double materiality assessment

The double materiality assessment relies on a streamlined process to obtain feedback from key stakeholders that acted as a sample stakeholder group communicating impacts, risks and opportunities that affected their business relationship with Nel. A sample methodology carries inherent risk of misrepresentation. Nel has in place feedback mechanisms, such as grievance mechanisms or the investor relation department, aiming to identify material discrepancies arising from inaccurate interaction with a stakeholder group representative. The summary of the stakeholder feedback and the double materiality test has been shared with and commented on by employees that are in regular contact with external stakeholders and with senior management.

Key accounting estimates and judgments

We use assessments and judgments for the reporting of certain data points for KPIs and scope 3 emissions. As the ESG reporting develop, such assessments and judgments are reassessed based on experience. Changes in estimates are recognized in the period in which the estimates in question are revised. For adjustments to ESG data, judgments to whether numbers should be restated is applied.

Measurement of Greenhouse Emissions

Nel adopts the GHG protocol as the framework for accounting of Greenhouse Gas emissions. For some categories, such as transportation and business travelling, Nel relies on CO2 emissions directly converted by vendors. In some instances, Nel does not have access to the methodology applied by vendors to convert its CO2 emissions. For some CO2 emissions, e.g. capital goods, a spend-based method has been used.

Net Zero commitment

Nel is committed to achieve Net Zero emission before 2050. The 2050 Net Zero commitment relies on a successful climate transition of vendors operating in hard-to-electrify industries (such as steel and shipping companies, which face a more challenging path toward zero emissions). Nel does not have sufficient control of when supply of low emissions goods and services will be available for reduction of Greenhouse Gas emissions classified in the scope 3 of its GHG inventory.

STAKEHOLDER DIALOGUE

Stakeholders are driving forces in Nel's operations, and frequent stakeholder interaction is important to account for input across our value chain. Nel engages with a wide range of stakeholders. Overall, Nel experiences continuously rising expectations in all aspects of our work and we strive to address concerns that are expressed. We aim to improve our stakeholder dialogue by setting up a structured stakeholder dialogue program.

Nel's activities show the following key stakeholders:

Employees

Employees generally express views related to occupational health and safety, career development, and timely two-way communication as key areas of concern. Employees are often the first to address risks and opportunities, so efficient employee dialogue is important. Feedback is also solicited electronically on a weekly basis using a combination of questions open for rating and free text field. Feedback through this mechanism may be given anonymously.

Shareholders and capital market participants

Our shareholders are vital contributors to the development of our company and important stakeholders with the power to influence our operations. As such, it is important to maintain regular stakeholder dialogue with our shareholders as our business develops. Quarterly presentations, annual reports, and investor relations activities are channels employed to keep an open dialogue with this group. During the year, the company arranged site visits in smaller groups for institutional investors and capital market participants to the Herøya facility and engaged with investors and capital market participants in non-deal roadshows after quarterly results, conferences, events and forums.

Customers

Customers' demands typically focus on product reliability, resilience, lifetime performance and energy efficiency, while their concerns are generally with product safety, cost of ownership, responsible supply chains, the applicability of solutions, and general project execution. Our customer relations are formed on a project basis and active communication is required throughout the customer's journey to deliver a satisfying product to the client, and to take home learnings to the organization.

Suppliers

Through its supply chain screening and procurement efforts, Nel sets requirements and requires insight into the ESG performance of suppliers. Also, that Nel operates honestly in-line with rules and legislations is important to our suppliers. Most of the topics Nel raised to its suppliers are related to quality, cost, delivery concerns, and alignment on ESG related topics. Another emerging topic relates to growth, and whether a supplier can, or has, the ambition to grow with Nel.

Partners

As we develop and mature our technologies, strategic partners are significant drivers of our progress. Their concerns are usually aligned with those raised by suppliers and customers, and our dialogue with them follows similar procedures.

Governments

Governments play a vital role as the regulatory body that forms policies and procedures, awards grants, and presents roadmaps for the energy transition. Regular dialogue and monitoring are necessary to ensure our product development meets the requirements set by different governments.

Photo: Unsplash.com

UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

Nel supports the United Nations Sustainable Development Goals (SDGs), and we strive to document all actions made to meet the targets. Presented in 2015, the 17 goals were developed to address the most prominent sustainability concerns the world is facing. The SDGs are the most unifying and universally accepted set of goals and aspirations that are to be met by 2030, to protect our planet and the people who inhabit it. Nel continues its commitment through investments and organisational changes to optimise the company's contribution to this transformative agenda. The company will contribute to the industrialisation of the renewable hydrogen economy, paving the way for the development of a global hydrogen economy and the trading of sustainable hydrogen as a global commodity. Nel is fully committed to the promotion and implementation of the United Nations Sustainable Development Goals and limiting global warming to 1.5 degrees Celsius.

Nel supports all of the sustainability goals outlined by the United Nations. Given our corporate areas of focus, , we have selected four SDGs where we can make a significant direct impact:

7 AFFORDABLE AND CLEAN ENERGY

Nel provides clean energy solutions to a vast range of industries and applications. Nel's product offering is an enabler of clean energy infrastructure, and contributes to increasing adoption of renewable energy. Contributions towards SDG #7 are in line with Nel's strategic ambitions of 1) leveraging the development of renewable energy to enable increased production of green hydrogen, and 2) to significantly decrease Levelized Cost of Hydrogen ("LCOH") for renewable hydrogen production and enable decarbonization of heavy industry and transport.

8 DECENT WORK AND ECONOMIC GROWTH

At Nel, employees should work in a safe and healthy environment, and we will never compromise on safety. The company strongly believes that this is an absolute minimum to any successful long term sustainable business. All Nel sites have management systems in place to safeguard employees' health and safety. Nel aims to offer a workplace free of harmful incidents and injuries, and to promote a culture that identifies and creates awareness through incident reporting and self-accountability. The company has set a HQSE target of zero-tolerance for discrimination of any kind, and grievance mechanisms are in place, both direct and anonymous, should such instances occur.

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Nel is committed to reducing the cost of renewable hydrogen production to enable affordable and easier available renewable energy, and thus also adaptation. This is aligned with the company's vision for abundant clean energy for all. Nel is committed to offering market-leading equipment for water electrolysis. The company is a frontrunner in technology development, efficiency, and cost reductions. Another key element is that Nel is focused on at-scale manufacturing of our products, employing manufacturing concepts that allow for further technological advancements in processes and materials over time.

13 CLIMATE ACTION

Nel's vision is "abundant clean energy for all". Our business model is built on facilitating and enabling the energy transition towards a more sustainable society, making renewable energy solutions commercially viable for implementation. Nel's product offerings are key enablers for a renewable hydrogen economy, making it possible to decarbonize various industries such as transportation, refining, steel, and ammonia production and other carbon-intensive industries. Our aim over time is to enable the replacement of fossil-fuel consumption in a significant portion of global heavy industry.

MATERIAL ISSUES IMPACTING STAKEHOLDERS

Material topics have been identified by assessing relevant issues that are of importance to key stakeholders and how these issues impact Nel's operations and strategy. Nel defines material topics as areas that have potential to substantially impact the enterprise value of the company. These material topics will be disclosed and elaborated in the following annual report sections. The material topics have been categorized within the three main sustainability categories: Environmental, Social, and Governance factors and presented in the matrix below:

ESG		UNIT OF MEASUREMENT	PAGE	SDGS	31 DECEMBER 2024	31 DECEMBER 2023	CHANGE	TARGETS 2025
E	**GHG Emissions**			13				
	GHG intensity based on net revenue	ktCOe2 (excluding scope 3)/net revenue in NOK million	42		0.80	0.95	-0.15	
E	**EU Taxonomy**			7, 13				
	Revenue eligible to EU Taxonomy	%	65		90%	93%	-3%	>90% aligned
	Opex eligible to EU Taxonomy	%	67		58%	44%	14%	
	Capex eligible to EU Taxonomy	%	69		96%	95%	1%	
E	**Energy**			7, 13				
	Energy intensity based on net revenue (MWh/MNOK)	MWh/net revenue in NOK million	43		13.2	10.0	3.2	
E	**Water**			7, 13				
	Water intensity based on net revenue	Water withdraws m³/ net Revenue in MNOK	42		7.2	5.0	2.2	
E	**Pollution**			7, 13				
	Ni particles in water – Herøya	µg/m3	42		6.2	5.4	0.6	<6
	Environmental incidents*	Reportable event	42		None	None	-	None
E	**Waste**			7, 13				
	Recycled non-hazardous waste	%	43		65%	48%	17%	Recycling rate above 50%
E/S	**Sustainability in electrolysers production**			9, 13				
	Overall equipment effectiveness (own production) - Alkaline	%	46		65%	67%	-2%	NM
	Overall equipment effectiveness (own production) - PEM	%	46		48%	91%	-43%	~90%
	Product quality yield (alkaline)	%	46		97%	99%	-2%	NM
	Product quality yield (PEM)	%	46		99%	94%	5%	>98%
E/S	**Responsible supply chain**			8, 9, 13				
S/G	**Transparency Act**			8				
	Supplier audits concluded within the fiscal year	Supplier audits completed during the reporting period	50		20 strategic suppliers	23 strategic suppliers	-3	30 strategic suppliers
	Integrity Due Diligences performed for suppliers with active contracts		51		80%	99.8%	-19.8%	100%
S	**Operational health and safety**			8				
	Percentage of employees covered by Nel's health and safety systems	%	49		100%	100%	-	100%
	Total recordable injuries rate (TRIR)	TRI per 1,000,000 hours worked	49		5.2	19.7	-14.5	<4
	Lost time injury rate (LTIR)	LTI per 1,000,000 hours worked	49		2.7	11.2	-8.5	0
	Fatality rate	Recordable events in the last 12 months	49		None	None	-	None
S	**Training programs**			8				
	Cyber Security Training Awareness	%	53		96%	100%	-4%	100%
	Safety program awareness	%	49		100%	92%	8%	100%
G	**Innovation and R&D**			9				
	R&D spend in % of annual revenue and other income	%	60		24%	20%	4%	>10%
G	**Ethical business conduct and compliance**			8				
	Total amount spent on fines for damages as a result of violations regarding social and human rights factors	NOK	59		0	0	-	0
	Expenditure with lobby and donation to political parties	NOK	59		0	0	-	0
G	**Payment practice**			9				
	Confirmed incidents of corruption or bribery	Reportable event - per incident	59		0	0	-	
	Number of contracts terminated due to confirmed incidents related to corruption or bribery	Reportable event - per contract	59		0	0	-	
G	**Board composition**			9				
	Non-executive board members**	Board member	9		7 (100% of board members)	7 (100% of board members)	-	(100% of board members)

* Environmental incidents are defined as notice of violation, notice of non-compliance or release of pollutants beyond the limits set in the environmental permit.

**Members of the Board of Directors who does not have a role in the leadership team

Our mission

Make renewable hydrogen easy

While some industries can decarbonize with clean electricity, sectors like steel, refinery, and ammonia production face greater challenges. These hard-to-electrify industries rely on renewable hydrogen to reduce emissions. Nel's customers are game changers leading this transition, and our mission is to make their shift to renewable hydrogen easy.

Environment

CLIMATE CHANGE OPPORTUNITY AND EMISSIONS AVOIDED

Governments, companies, and researchers are increasingly looking into ways to accelerate the climate transition and achieve carbon neutrality in a safe and sustainable manner. In recent years, companies and policy makers have been facing increased expectations to identify viable solutions to replace the legacy systems dependent on fossil fuels to operate.

Hydrogen is the most abundant element on Earth, a rich source of energy. Hydrogen also has the unique ability to carry energy. This combination of qualities places renewable hydrogen as a pivotal element in the energy transition with several possible applications. Hydrogen in its grey form (produced from natural gas or methane) has been traditionally applied on feedstock to produce ammonia, methanol, or as a reducing agent to produce iron (DRI). Its rich energy level and its ability to carry energy has allowed new applications such as a fueling for transport, for high-temperature heating in hard-to-electrify industries and for storage and generation of electricity providing energy security for renewables source with seasonal energy generation.

The broader scope for hydrogen in the climate transition is forecasted to increase hydrogen demand from 95Mt in 2022 to up to 150Mt in 2030, with nearly 40% coming from new applications[1]. In addition, traditional grey hydrogen has accounted for 2.5% of global emissions in 2022, generating more than 1Gt of CO2 emissions that could have been avoided if replaced by renewable hydrogen[2].

Market development

The market for electrolyser technology providers remained slow throughout 2024, with several project cancellations and delays seen. Purchase orders have been pushed out in time as projects have become larger and more complex and developers make more thorough assessments. Lack of visibility on political processes and subsidy programs (initially aimed to accelerate renewable hydrogen uptake) have also caused delays. However, during the year, governments in key markets for Nel continued to develop support mechanisms that will be important for enabling more projects to reach final investment decisions (FID). In the United States, work on the implementation of the Inflation Reduction Act progressed, with detailed rules and regulations announced in early 2025.

In the European Union, a second round of the Renewable Hydrogen Bank was announced in September 2024, with a budget of EUR 1.2 billion, where the selected projects will receive a fixed premium in €/kg of renewable hydrogen produced. In addition, national programs and auctions were announced in several European countries. These important developments support offtake agreements and investment decisions, highlighting the potential of renewable hydrogen as a key enabler for decarbonizing hard-to-electrify sectors critical to society, such as personal and public transport, freight logistics, industrial heating, and industrial feedstock.

The renewable hydrogen industry continues to navigate through challenges related to the size of tax incentives and unclarity of regulation for safety and infrastructure. For the climate transition to meet the pace agreed in the 1.5 Cº Paris Agreement, policymakers will have to increase the clarity of regulation in the coming years and adjust the budget for tax incentives, so projects become economically viable. Nel works at the forefront of the renewable hydrogen industry challenges towards industrial scale, cost reduction and supplying safe and efficient equipment for renewable hydrogen producers.

EMISSIONS AVOIDED

Nel's mission is to unlock the potential of renewables and enable global decarbonization. Nel believes that the emissions avoided from reference hydrogen products based on comparative assessments to renewable hydrogen will be substantial. According to IEA there was demand for 95 million metric tons of hydrogen in 2022, hydrogen predominantly derived from fossil sources. Current production of grey hydrogen is responsible for more than 1 100 million tons of CO2 emissions[2]. Water electrolysis from renewable energy can reduce these emissions substantially, a transformation is relatively easy from a technical point of view. The generally accepted accounting methodologies for measuring emissions avoided in the next years (before climate related scenario of abundance renewable energy) has not been readily available to Nel. There are several challenges related to energy source used for hydrogen production, as well as emissions from equipment used for energy generation and transportation. Nel has therefore not been able to report on the relative emissions avoided for Nel's customers globally current year. The sections below showcase some of the significant opportunities for renewable hydrogen, with emissions avoided as the basis for such assumption.

---

1 IEA (2023), Global Hydrogen Review 2023, IEA, Paris https://www.iea.org/reports/global-hydrogen-review-2023, License: CC BY 4.0
2 IEA (2023), Hydrogen Patents for a Clean Energy Future, IEA, Paris https://www.iea.org/reports/hydrogen-patents-for-a-clean-energy-future, License: CC BY 4.0

FOSSIL FUEL PARITY

To increase the distribution and adaptation of renewable hydrogen it must be cost competitive with hydrogen made from natural gas. The hydrogen market is already massive. 94 million tonnes per year is already produced and used in various applications. According to International Renewable Energy Agency ("IRENA"), about 4% of hydrogen production comes from electrolysis, though with a global average renewable share of about 33%, about 1% of hydrogen production was derived directly from renewable sources. The rest is derived using fossil fuels, which create carbon emissions and are damaging to the environment. It will therefore be a lower hurdle for companies to reduce emissions when renewable hydrogen reaches the same price level as fossil-based hydrogen. Nel is committed to continue with cost reductions and efficiency improvements for its technology in order to enable a renewable hydrogen economy.

Electrolyser climate-related opportunities

Everything Nel is involved in relates to renewable hydrogen, and the energy transition. Nel's capital expenditures and R&D investments (Investments) and operating expenditures (Opex) are all related to renewable hydrogen technology. Refer to EU Taxonomy section for further elaboration on environmentally sustainable economic activities in Nel.

Case 1: Decarbonizing ammonia ("industrial application") - How hydrogen is vital to sustainable farming

Renewable hydrogen production by electrolysis is proving a viable pathway to sustainable ammonia, making fertilizer manufacturing and modern agriculture green.

With hydrogen being a feedstock for ammonia production, using renewable hydrogen is critical to sustainable ammonia production. It can reduce costs, boost capacities, and achieve decarbonization for the energy, mobility, and industrial sectors.

This is to the benefit of the environment, as more than 235 million tons of ammonia produced globally every year represent 1-2% of the world's energy consumption and around 1% of all human emissions.

Although hydrogen's role in producing ammonia for fertilizer manufacturing is just one of the hundreds of current and coming uses of hydrogen, ammonia is exceptionally interesting.

Apart from unlocking the decarbonization potential, it can play an essential role as a life-sustaining commodity and be a high-density carrier of hydrogen energy, allowing the exportation of hydrogen and, thereby, cost-effective energy.

Furthermore, it is relatively easy to 'crack' the ammonia to liberate hydrogen at the point of use for various applications. Also easing the cost is the fact that a massive ammonia distribution infrastructure is already in place.

Case 2: Decarbonizing refineries ("industrial application") - How hydrogen is transforming the refining industry

Refineries, major consumers of grey hydrogen, rely on hydrogen as a critical process gas for processes such as hydrocracking and desulfurization. They can reduce their carbon footprint by switching to renewable hydrogen from electrolysis. This transition lowers CO2 emissions from energy-intensive processes, contributing to global climate goals.

According to the International Energy Agency (IEA), global hydrogen demand reached 95 million tons in 2022, with refineries being one of the largest consumers. This presents a significant opportunity to cut emissions, as grey hydrogen production, through steam methane reforming, contributes substantially to global CO2 emissions.

Existing hydrogen infrastructure allows seamless integration of renewable hydrogen, making the shift from grey to renewable hydrogen relatively straightforward. Since the fundamental processes remain the same, refineries can utilize much of their current equipment and distribution systems, minimizing the need for extensive modifications. Coupled with declining renewable energy costs and advancements in electrolyser efficiency, durability, and scalability, refineries are well-positioned to accelerate this shift. Nel's advanced electrolyser solutions support this transition with scalable, efficient, and cost-effective renewable hydrogen production tailored to the refining industry.

KEY PERFORMANCE INDICATORS	UNIT OF MEASUREMENT	31 DECEMBER 2024	31 DECEMBER 2023	CHANGE	TARGET 2025
	GHG Emissions				
Scope 1	tCO2e	171	373	-202	
Scope 2 - Market based	tCO2e	8 002	5 905	2 097	
Scope 2 - Location based	tCO2e	938	1 247	-309	
Scope 3 (without Capex emissions)	tCO2e	13 363	15 509	-2 147	
Scope 3 (with Capex emissions)	tCO2e	23 259	30 344	-7 087	
GHG intensity based on net revenue	ktCOe2/net revenue in NOK million	17.5	19.0	-1.5	
	Energy consumption				
Purchased gas for heating	MWh	1 488	2 021	-533	
Purchased electricity	MWh	16 883	14 708	2 175	
Energy intensity based on net revenue (MWh/MNOK)	MWh/net revenue in NOK million	13.2	10.0	3.2	
	Water				
Water discharge	m^3	9 945	8 387	1 558	
Water intensity based on net revenue	Water withdraws in m^3/net revenue in NOK million	7.2	5.0	2.2	
	Pollution				
Nickel particles in water - Herøya	µg/m3	6.2	5.4	0.6	<6
Environmental incidents*	Reportable event	None	None	-	
	Waste				
Total waste	Kg	2 480 084	2 561 089	-81 006	
Hazardous waste	Kg	2 260 154	2 405 670	-145 517	
Hazardous waste treated by certified outsourced partners	%	100%	100%	0%	
Non-hazardous waste	Kg	219 930	155 419	64 511	
Recycled non-hazardous waste	Kg	145 809	74 709	71 000	
Recycled non-hazardous waste	%	66%	48%	18%	>50%

CLIMATE-RELATED RISK FACTORS

Climate scenarios

Nel's climate-related risks are managed assessing the physical impacts that climate events can have to the operations, workforce, product safety, customer contracts, supply chain and commercialized technology. Climate scenarios were forecasted with the RCP8.5 (very high emissions) from the Intergovernmental Panel on Climate Change ("IPCC"), fifth assessment. Nel assesses climate events within time intervals defined as short term (2024), mid-term (2025-2030) and long term (2030-2040) in line with our expectations of market scaling for the Electrolyser industry. Climate risks and opportunities identified in the short and mid-term scenarios are incorporated in the Enterprise Risk Management process for risk monitoring, while a long-term scenario is forecasted for reference purposes.

In our forecast, workforce and safeguard of assets were critical dependencies that could be affected by a climate event. Nel did not forecast severe chronic climate events that could require reallocation of assets nor result in constraints to its workforce. Nel facilities are leased with contracts with termination options around 2030 and located in areas with developed transport access. In case of unprecedent climate events, Nel's operation could be reallocated to areas with higher resilience to climate events or Nel could negotiate with lessors to increase the climate resilience of the buildings. A reallocation of assets is expected to affect our highly skilled workforce, supply chain as well as could arise potential disputes with customers for liquidation damages due to delays to deliver projects. However, Nel expects the largest impact to be the opportunity to provide viable technology for production of hydrogen with a product technology that requires low carbon emission.

Current climate scenario forecasts have significant complexity with a very high level of uncertainty in the outcomes for different scenarios. The climate events in the high emission scenario (RCP 8.5) could have from no economic impact to up to two times of our annual revenue invested in reallocation of assets and employees, and potential losses from customer contracts and production capacity. Nel has a catastrophe policy in place to manage eventual climate acute event. Our insurance policy aims to safeguard assets and resources in an efficient manner, and it is expected to cover some or all losses in case of acute climate events. The production capacity of our facilities and the technology of our products are ready to support companies in their climate transition before the long-term impacts of conduct business as usual in a high emission scenario.

Policymakers, tax incentives and carbon tax schemes
Policymakers such as local authorities and governments have an important role in the renewable hydrogen industry by enacting legislations that support research and innovation and scalable investment in production and infrastructure. The implementation of Carbon Emission Tax ("CET") or Carbon Border Emission ("CBE") will contribute to making renewable hydrogen projects economically viable due to expected increase in the cost of producing raw materials from energy sources that relies on fossil fuels.

Critical minerals
Critical minerals are in the spotlight due to the risk of limited available supply for crucial technologies in the climate transition. Raw materials supply issues could surface when the value chain experiences exponential growth driven by efforts to abate climate change. For example, Iridium is important for the manufacturing of PEM electrolysers. The total supply is limited and a significant reduction of Iridium consumption in PEM products and higher recycling rates will be necessary to reduce the risk. In response, Nel encourages customers to return PEM electrolysers for recycling, is gradually expanding its recycling program and is a leading contributor to a DoE-funded research initiative into recycling of electrolyser materials including Iridium.

Nel continues to make significant strides in reducing precious metal loadings in our PEM electrolysers. The company is progressing well towards the 2030 target of 0.4mg PGM/W set by the Clean Hydrogen Partnership, which comprises three members: the European Commission, the hydrogen industry represented by Hydrogen Europe, and the research community represented by Hydrogen Europe Research.

Nel's roll-to-roll manufacturing process, currently being implemented at our state-of-the-art PEM production facility is projected to be well within the target with a further substantial reduction projected for the stack currently under development in collaboration with General Motors.

PFAS ban in the European Union

In January 2023, authorities from Denmark, Germany, the Netherlands, Norway and Sweden (the Dossier Submitters) submitted a REACH dossier for a restriction proposal for per- and polyfluoroalkyl substances (PFAS) in the EU to the European Chemicals Agency (ECHA). PFAS are a group of thousands of mainly man-made substances that are used in numerous applications in the EU.

The basis for the proposed restriction is the fact that PFAS and their degradation products may persist in the environment for a very long period, longer than any other man-made chemical. Further concerns are their bioaccumulation, mobility, long range transport potential (LRTP), accumulation in plants, global warming potential and (eco)toxicological effects. The EU-wide risk arises from the continued emissions of PFAS into the environment during manufacture, the use phase, and the waste stage

The materials of most concern are fluorosurfactants, which are persistent and bioaccumulate. High molecular weight fluoropolymers such as membranes that are essential to the use of Proton Exchange Membrane (PEM) electrolysers are inert and non-toxic.

No alternative is foreseen to be able to substitute today or in the near future these highly specialised materials, central to the functioning of the hydrogen value chain. These PFAS are produced and used in a highly controlled industrial environment, where their emissions are negligible

In Nel, PFAS is directly included in the production of electrolysers with Proton Membrane technology in the PEM electrolyser segment, and the enactment of legislations altering current PFAS regulation might affect our ability to continue the development of these equipment.

Summary of climate adaptation risks and opportunities

Our most critical climate-related risks and opportunities in high emissions scenarios were summarized in the table below:

CATEGORY		RISK AND OPPORTUNITIES	2024	2025-2030	2030-2040
Policy and legal	1	Carbon Emission Tax	●	●	●
	2	Carbon Border Tax	●	●	●
	3	Tax credits enacted to producers of hydrogen with low emission	●	●	●
	4	Regulation on hydrogen production and its equipment (e.g. PFAS ban)	●	●	●
Market risk	5	Renewable Hydrogen certification	●	●	●
	6	Insufficient supply of critical minerals	n.i.	n.i.	●
Technology risk	7	Disruption in supply of fresh water can affect market development of Electrolysers	n.i.	n.i.	●
	8	Technology competition (preferred low carbon technology for production of hydrogen)	●	●	●
Reputational risk	9	Product incidents related to extreme climate events	n.i.	●	●
	10	Failure to reduce CO2 emissions	n.i.	n.i.	●
Physical climate transition risks	11	Flooding affecting production facilities	n.i.	n.i.	●
	12	Water scarcity on strategic markets	n.i.	n.i.	●
	13	Product Safety incidents arising from climate acute events	n.i.	●	●

LEGEND FOR FINDINGS:		
RISK	OPPORTUNITY	RISK CLASSIFICATION
●	●	High
●	●	Medium
●	●	Low
n.i.	n.i.	No impact

WATER

Water consumption

Nel consumes[3] low amounts of water for cooling, production, cleaning and testing of equipment. Nel ensures an appropriate discharge of the water consumed in the operation with its Wastewater Treatment Plants installed in Herøya, Norway and Wallingford, United States. The QHSE department performs periodical water sampling and laboratorial sampling to control the pollutants level on the discharged water. Nel's QHSE team works on the assumption of best available technique to ensure the correct monitoring and treatment of pollutants.

	HERØYA	WALLINGFORD	TOTAL	TARGET
	2024	2024	2024	2025
Water discharge (m^3)***	5 954	3 991	9 945	-
Nickel Particles in the water (µg/m3)	6.2	*	n.a.**	<6

*Below 0.01 Nickel Particles per µg/m3

**Not applicable

***Water discharge refers to the volume of water that is released back into the environment after it has been used in the manufacturing process, including wastewater that may contain contaminants.

Water consumption and withdrawal in water-stress areas, use of sold products

Based on the atomic properties of water, 1 kg of hydrogen requires 8.92 litres of water. Comparing water consumption for electrolysis with other energy processes, the water footprint of certain fossil-based pathways exceeds that of hydrogen. Crude oil recovery and diesel refining uses around 40% more water than the production of renewable hydrogen per unit of energy.[4] From a circular economy perspective, hydrogen technology does not consume water as water is produced, in its purest form, at the end of the cycle. It also avoids water contamination associated with various fossil-fuel processes. Water is also produced as a biproduct when hydrogen is used in mobility applications. However, distribution of water could offer a challenge.

Currently, electrolyser technology uses highly purified water. This does not mean, however, additional strain on freshwater systems. The water needed for large-scale electrolysis, can be provided by any water resource (sea water, wastewater, etc.) once demineralised via reverse osmosis (RO) plants.[5] Continuous development of adjoint water desalination plants, alternative modes of low-grade and saline surface water electrolysis[6], and water provision via wastewater treatment plants provide evidence of their feasibility and cost-effectiveness.

Water stress can also be minimised by adding desalination plants at the electrolyser site. This investment acts as a precautionary instrument to shield local population from water resource deprivation. In fact, should the need exist, water desalination plants for electrolysis could be planned to produce water not just for the production of hydrogen, but also for local use as a freshwater resource for human consumption and/or irrigation, thus creating multiple benefits to the local area.

GREENHOUSE GAS ("GHG") EMISSIONS

Nel strives to be transparent with regards to our impact on the environment and continue to improve the internal process for collecting data that provides an overview of our emissions and their origins. Data collection for accounting of CO2 emissions occurs at report from supplier, in-house conversion of CO2 emissions based on metrics of product consumption or conversion of nominal expense into average CO2 emissions. Nel's accounting policies for GHG inventory is inspired by the Greenhouse Gas protocol, with full compliance to be achieved in the annual report of 2025.

3 Water consumption/withdrawal refers to the total volume of water taken from natural sources for use in the manufacturing process.

4 (PDF) Development of a Life Cycle Inventory of Water Consumption Associated with the Production of Transportation Fuels (researchgate.net)

5 Quantification of freshwater consumption and scarcity footprints of hydrogen from water electrolysis: A methodology framework - ScienceDirect

6 Electrolysis of low-grade and saline surface water | Nature Energy

		PEM	AWE	CORPORATE
Scope 1		Yes	Yes	Yes
Scope 2		Yes	Yes	Yes
Scope 3		Yes	Yes	Yes
Business travel		Yes	Yes	Yes
Capital goods		Yes	Yes	Yes
Waste		Yes	Yes	Immaterial
Purchased goods and services**		Yes	Yes	Immaterial
Transportation and distribution		Yes	Yes	Immaterial
Use of sold products		Yes	Yes	Immaterial

*yes = data points have been included in the reported scope 1-3 emissions, while blank means it has not been included. All other scope 3 emissions categories not listed has not been included in the scope 1-3 GHG inventory reported in 2023. While there will be emissions in all categories, Nel is a global company with global distribution and therefore estimates that transportation (inbound and outbound) is the main data point missing for complete data.

**Purchased goods and services includes the emissions from significant raw materials.

Greenhouse Gas accounting - consolidation method

The Greenhouse Gas emissions disclosed in this report were consolidated using the control approach. Under the control approach, a company accounts for 100% of the GHG emissions from operations over which it has control.

Subsidiaries with less than 10 employees have not been consolidated as aggregated emissions from these legal entities are estimated to have immaterial contribution to the consolidated GHG inventory (estimated at lower than 1% of total CO2 emissions inventory). Nel estimates its total CO2 emissions in the reporting period as follows:

Greenhouse Gas emissions in ktCO2e	2024	2023	Change
Scope 1	0.2	0.4	-0.2
Scope 2	0.9	1.2	-0.3
Scope 3	23.3	30.3	-7.0
Total	24.4	32.0	-7.6

Scope 1

The emissions within scope 1 arise from the fueling of cars and forklifts, and facility heating.

Scope 2

The majority of emissions from scope 2 of 937 t CO2e is the use of electricity from grid connected production in company owned or leased locations. The electrolyser division consumes energy while performing tests on our products before they are shipped to our customers. Nel's absolute emissions the next years will correlate with the activity level achieved. An increase will occur if Nel continue to increase production capacity. Nel's goal is to decrease the CO2 footprint per product produced. We will achieve this by improving the stability and scalability of our production processes. In addition, Nel pledges to become fully electrified and use renewable energy to the extent available.

The measurement of the reported greenhouse gases is the energy consumption multiplied with emissions factor for the relevant connected grid. Nel's manufacturing facilities are connected to the grid in Norway, and Connecticut, United States. Each grid has its own emission factor based on location- and marked based emissions. These emissions factors are updated regularly by the source provider.

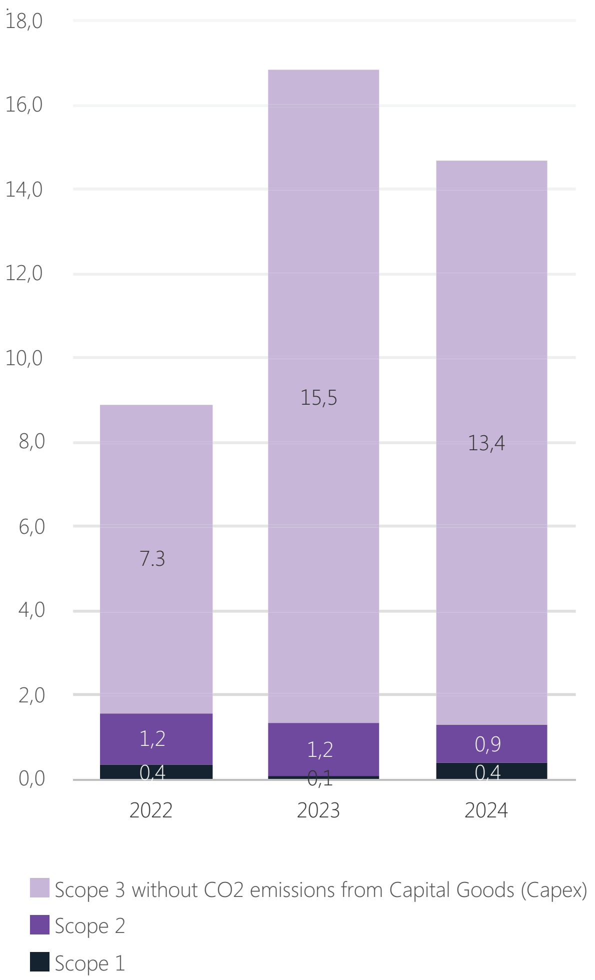
Norway

The manufacturing facility in Herøya is connected to the grid in price area NO1. Norway's energy production mix comprise of over 90% of hydro power, however Norway is connected to the European continent by power cables resulting in a lower percentage of renewable energy in the mix. Nel has decided to not purchase green certificates for its electricity, and has therefore used a "Nordic Mix" to measure its CO2 emissions from energy consumption in Norway. The emission factor for the energy use in Norway is measured at 0.0070 kgCO2/kWh.

Connecticut, United States

The facility in Wallingford, Connecticut, has an energy mix that consists of approximately gas, nuclear, hydro, wind and biomass. In total, about 20% of the fuel mix is renewable. The emission factor for the energy use in Wallingford is measured at 0.24519 kgCO2/kWh.

TOTAL GHG EMISSIONS, EXCLUDING EMISSIONS FROM CAPEX (IN TCO2E)



Scope 3

Purchased goods

A significant portion of Nel's greenhouse gas inventory stems from purchased goods, such as metals, steel, nickel, platinum and iridium.

Transportation

Nel engages freight forwarders to arrange transportation of goods. Nel prioritizes rail and shipping transportation types due to lower CO2 emissions. Currently, Nel has limited intercontinental shipping of goods being most of the emissions incurred in 2024 related to transport of goods inside the European Union and the United States.

Capital goods

Nel accounts for the CO2 emissions from factory expansion applying an average emission factor for each nominal capital expenditure. The CO2 conversion in Wallingford, United States was measured at 0.221 kgCO2/USD and 0.023 kgCO2/NOK in Norway.

Nel expects to have seasonal peaks of emissions from acquisition or construction of capital goods as a result of the workings for expansion of production capacity to meet the forecast for market demand before 2030.

Use of sold products

Energy consumption

The alkaline and PEM electrolyser equipment produced by Nel have no emissions in use when connected to renewable power sources like wind, solar, or hydro power, either grid-connected or off-grid. Nel has no control over the renewable energy mix in its customers production facilities, and this will not be 100% emission free until there is sufficient energy production from renewable sources. All customers producing hydrogen from water electrolysis has its plan to produce from renewable energy sources to reduce the carbon footprint from its operations. Nel has in the scope 3 reporting assumed zero emissions from use of sold products.

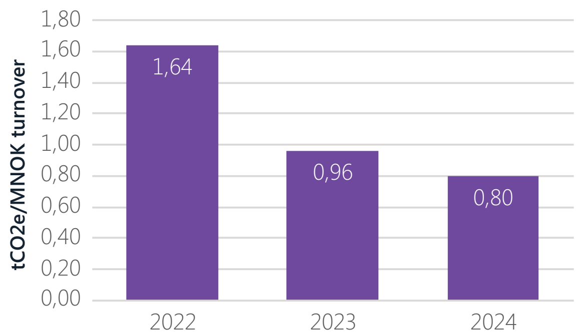
GHG intensity

The GHG intensity is presented excluding scope 3 as the complete scope 3 has not yet been included. The scope 3 emissions increase annually from continuing completeness; therefore, the intensity is not comparable between fiscal years, if scope 3 is included.

The GHG intensity excluding scope 3 has decreased in 2024 compared to prior years as a result of increased revenue in the group from particular the increased production in Norway. Norway has low GHG emission, below the group's average. For GHG intensity, Nel calculates its turnover as the sum of revenue from customer contracts as applied to its Income Statements in accordance with IFRS 15.

Our products and projects are enablers of the climate transition in hard-to-electrify industries. Nel has not implemented internal carbon prices in its decision-making process as everything we do is for a successful off taking of renewable hydrogen industry.

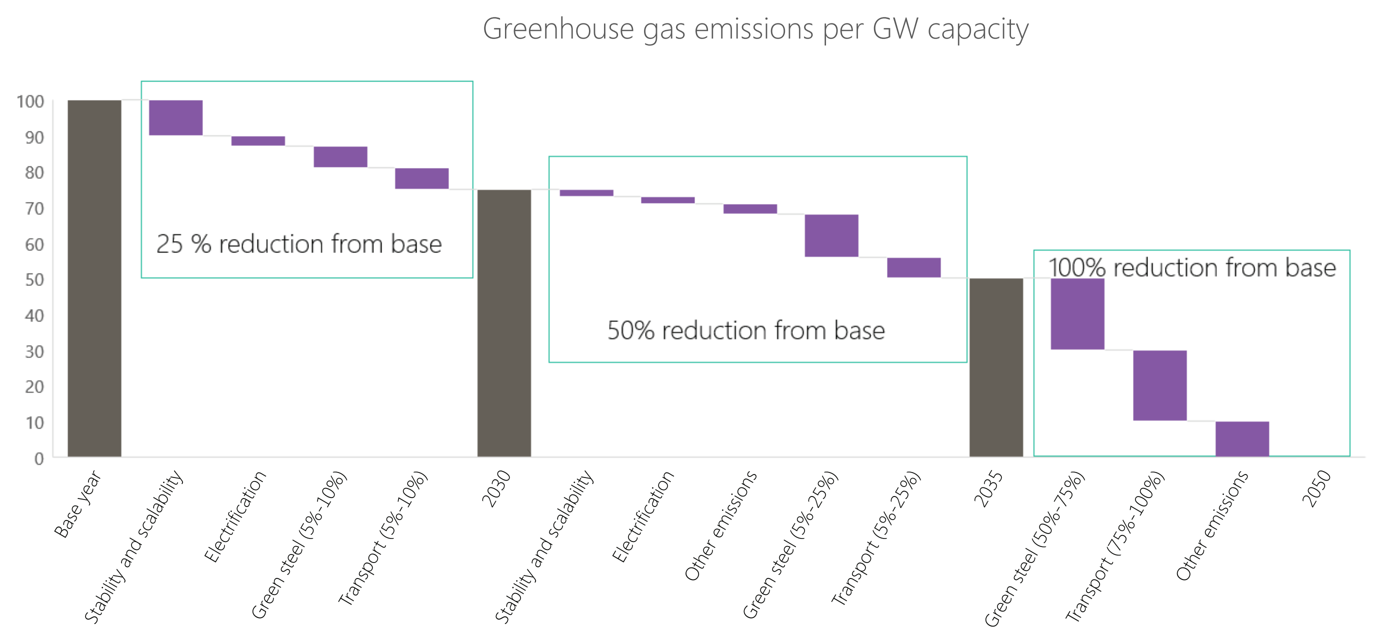
GHG intensity (excluding scope 3)



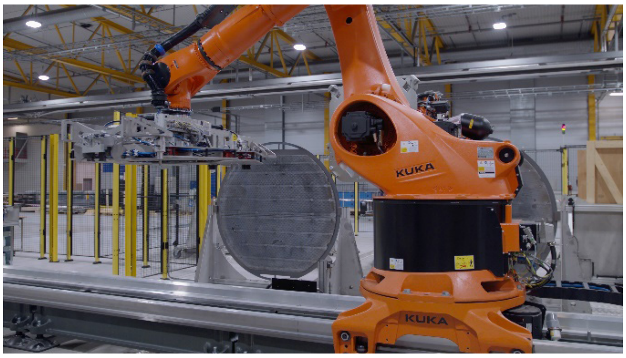
NET ZERO 2050 - GHG TRAJECTORY

The outlook for scope 1-3 in Nel includes several forward-looking data points with significant estimation uncertainty and involves risk of low reliability and/or comparability. Nel does not provide any guiding on production volume or revenues, therefore, Nel has not been able to show the detailed absolute emission trajectory towards net zero. Nel reported that GHG emissions this year is not significant, however, it is evident that the renewable hydrogen industry will witness increasing GHG emissions when going through industrialisation, while the total absolute annual GHG emissions should be very limited comparing to conventional technology. Thus, the emissions avoided is significant, refer section "Climate change opportunity and emissions avoided" above.

Nel's ESG policy approved by the Board include a pledge to reduce greenhouse gas emissions per produced unit by 25%, 50% and 100% within 2030, 2035 and 2050, respectively, compared to 2020. Nel will monitor the reduction plan by improved reporting procedures and data quality for material scope 1, 2 and 3 emissions. The majority of GHG emissions in Nel would be categorised as Scope 3 emissions, where reductions will mainly come from purchased goods and transportation. An example of significant purchased good in Nel is steel. The timing of decarbonization of the steel industry is uncertain but roadmaps already include likely decarbonization from sustainable amendments in steel production (hot direct reduced iron, hot briquetted DRI and blast furnace). It is therefore expected that a certain volume will be available before 2030. Nel's GHG reduction trajectory includes estimates that the volume of commercialised renewable steel will increase from 2030-2040. The steel production market is a climate-related opportunity for Nel. In addition to reductions within purchased goods, Nel estimate GHG reductions in the transportation industry when the mobility fleets become more sustainable (electrification, e-fuels and biofuels). Also in this spectrum, Nel's GHG reduction trajectory estimate the majority of these reductions become visible beyond 2030. Nel also estimates that GHG reductions per unit will be achieved by increased volumes produced, as some GHG emissions are not fully variable and correlated to the production volume. Our net zero commitment does not forecast the use of carbon offset schemes.



SUSTAINABILITY IN ELECTROLYSER PRODUCTION



Nel is committed through its company ESG Policy to state-of-the-art sustainable production facilities for both current productions, committed expansions and potential further scaling up. In 2024, Nel concluded the factory expansions at Herøya, Norway and the manufacturing capacity expansion in Wallingford, Connecticut will be completed in early 2025. These capacity expansions were designed with fully automated manufacturing processes to enable efficient and scalable production of electrolysers.

The environmental footprint of a product throughout its lifetime, factoring the hydrogen output and production costs, is markedly reduced by utilizing hydrogen solutions compared to traditional energy sources. This does not mean that the production of our applications is entirely carbon neutral as CO2 is emitted with manufacturing of equipment and its transportation.

Nel is certified on ISO 9001 and ISO 14001 in the Alkaline business unit for the scope of Technology R&D, Product Development, Procurement, Inbound and Outbound Logistics, Manufacturing, Sales, Delivery Projects, Installation, Commissioning and Servicing of Atmospheric Alkaline Hydrogen water electrolysers and Hydrogen Plant system solutions.

Nel is certified on ISO 9001, ISO 14001 and ISO 45001 in the PEM business unit for the scope of Design, Manufacture and Servicing of Proton Exchange Membrane Electrolysis Systems.

RESILIENCE IN ELECTROLYSER MANUFACTURING FACILITIES

In 2023, Nel announced Plymouth Charter Township, a suburb of Detroit, Michigan as the selected site for a factory of Alkaline and PEM electrolysers with up to 4GW in production capacity. The expansion is currently delayed due to a slower than expected growth in the electrolyser market in the United States.

The capacity expansion in Herøya, Norway to 1 GW and Wallingford, United States to 500 MW are important steps in preparation for large-order intakes and represent the first industrial-scale production of the most efficient electrolysers on the market, at a game-changing low production cost.

Sustainability in electrolyser production metrics and future targets:

KPI	2024	2023	CHANGE	2025 TARGET[7]
Electrolyser production, Alkaline				
Stack yield	97%	99%	-2%	NM
Overall equipment effectiveness	65%	67%	-2%	NM
Electrolyser production, PEM				
Stack yield	99%	94%	5%	>98%
Overall equipment effectiveness	48%[8]	91%	-43%	>90%

7 Targets in Alkaline suspended for 2025 as production is temporarily halted.
8 The PEM operations had a low work load in the financial year. Costs and phasing in new production equipment was prioritized over achieving a high OEE.


Better
Safe.

Social

ORGANISATION AND OCCUPATIONAL HEALTH AND SAFETY

At Nel, Organisation and Occupational Health and Safety is a top priority. Nel focus on safety is integrated in the company-wide culture program to foster a zero-tolerance attitude towards QHSE incidents. In 2024 we continued to have safety as our number one priority and focus efforts to improve results. Our overall goal was to significantly reduce the number of lost time and recorded safety incidents in Nel.

- The Lost Time Injury Rate (LTIR), which measures the number of incidents that result in time away from work, dropped from about 11 at the beginning of the year to 2.7 at the end of the year, a reduction of almost 80%.

- The Recordable Incident Rate (TRIR), which measures the number of lost time + restricted work + medical treatment cases, dropped from about 20 at the beginning of the year to 5.2 at the end of the year, a reduction of almost 75%.

Nel recognises that ensuring i) workplace, ii) stakeholder and iii) product safety in a diligent manner is a license to operate within the Hydrogen industry.

The above three categories will have the following focus areas:

1. Continue a "HSE-first" mindset and development of a commitment culture
2. Ongoing development and implementation of a Nel HSE management system
3. Standardization of programme activities where relevant throughout the organization
4. Training and evaluation of the organization and system effectiveness

The progress Nel made last year has not come down to one single factor. It is rather the result of many reinforcing initiatives:

- Putting safety first in terms of our priorities
- Finding ways to measure status and developing leading safety indicators
- Implementing several company-wide programs such as safety observation tours and digital reporting of hazards (Short-Term Incentive scheme of employees qualifiable to a financial bonus in 2024)
- Improving our safety training courses, including HSE day at Herøya production facility with focus on practical topics like behaviours, rescuing confined space, hazard recognition and working environment
- Developing and distributing root cause analyses of lost time incidents internally

Nel production facilities have dedicated QHSE resources reporting to the VP of Operations about safety incidents, preventive safety actions and implemented responses to incidents occurred in accordance with Nel's procedure for incident handling. Nel requires that all employees and contractors in the production sites receive appropriate safety training and equipment. In addition, Nel imposes restrict access to hazardous areas such as areas with handling of harmful chemicals.

Nel's Alkaline business unit is ISO 45001 certified within the scope of Technology R&D, Product Development, Procurement, Inbound and Outbound Logistics, Manufacturing, Sales, Delivery Projects, Installation, Commissioning and Servicing of Atmospheric Alkaline Hydrogen water electrolysers and Hydrogen Plant system solutions.

Nel's PEM business unit is ISO 45001 within the scope of Design, Manufacture and Servicing of Proton Exchange Membrane Electrolysis Systems.

Organisation and Occupational Health and Safety targets for 2025:

- LTIR = 0
- TRIR <4
- 100% completion of obligatory safety training
- Four Safety Observation Tours to be completed for all managers and above.

Key Performance Indicators related to Health and Safety

KEY PERFORMANCE INDICATORS	UNIT OF MEASUREMENT	2024	2023	CHANGE	2025 TARGETS
Percentage of employees covered by Nel's health and safety management systems	%	100%	100%	0%	100%
Total recordable injuries rate (TRIR)	TRI per 1,000,000 hours worked	5.2	19.7	-14.5	<4
Lost time injury rate (LTIR)	LTI per 1,000,000 hours worked	2.7	11.2	-8.5	0
H1 – injury-related absence from work	Recordable events in the last 12 months	2	12	-10	0
H2 – recordable injury events	Recordable events in the last 12 months	4	21	-17	<4
Fatality rate	Recordable events in the last 12 months	None	None	None	None

PRODUCT SAFETY

Safety is the number one priority in Nel. Management and all employees are strongly committed to the company's promise of delivering fail-safe products to the customers. The product safety risks include the risk range from major accidents to near misses related to malfunctions in our products and/or insufficient service during operations and maintenance. Each division and legal entity in Nel are responsible for the development, implementation and maintenance of risk management framework and system within each discipline. In our development of products, Nel diligently works to never compromises on safety requirements, codes and standards.

Nel's equipment follows a Failure Mode, Effects & Criticality Analysis ("FMECA") approach for risk assessment at product level, and a Hazard and Operability Analysis ("HAZOP") at system level. The Engineering departments of each business unit are responsible for the technology platforms and product safety, supported by the QHSE/Product Compliance department, ensure code compliant and safe product development. The QHSE directors and their departments are the primary resources involved with the investigation of product defects and implement corrective measures where applicable reporting to the VP of Operations. In addition, a QHSE committee that works across the organizations and consists of participants from each legal entity, as well as the corporate function, ensures collaborative learning and implementation of best practices to prevent incidents. Where applicable, safety requirements include third-party product certification for design and manufacturing. Third-party experts are involved as subject matter experts when applicable. External consultants are involved on regular tests for emergency response. In case applicable, the Board of Directors review the remediation plan for product safety incidents involving leakage of hydrogen with explosions or fatalities and/or material cost impact.

In 2024, our employees participated in product safety trainings for basic knowledge of hydrogen risks, common pitfalls on handling and storage of hydrogen, and best practice to avoid incidents in the production and storage of hydrogen. As mentioned in the section "Sustainability in Electrolyser Production", the R&D department works on product designs and safety applications to reduce the product safety risks such as explosion or hydrogen leakage. During 2025, Nel will continue the collaboration between R&D, Engineering and QHSE/Product Compliance departments to increase the product safety program with implementation of even more rigorous methodologies, e.g., a review system where specific areas will be assessed to identify areas of improvements.

Nel is certified at product level with several certifications, including ISO 22734:2019 - hydrogen generators using water electrolysis for the M-Series PEM electrolysers.

Product safety targets for 2025:

- Zero product-related incidents, including at sites with Nel equipment
- Recognized safety leader within the industry, setting new industry safety standards across the value chain

RESPONSIBLE SUPPLY CHAIN

Upholding a responsible and efficient supply chain is pivotal to our business resilience, sustainability agenda and goals. Nel operates in a complex global market and ensuring business resilience while at same time meeting the highest standards of business integrity and human rights pose challenges to our value chain and business partners.

During the reporting period, approximately NOK 1.8 billion were spent across 40 countries in 5 continents. Despite the global presence, Nel concentrates its supply chain near to its production facilities or within the European Union where business governance and human rights practices are well developed and widely implemented. The continued effort for transparency and resilience is done in conjunction with reinforcing ties with existing partners. Suppliers that comply to human rights frameworks are fundamental to cultivate a resilient long-term relationship.

In 2025, our supply chain department will continue the preparedness working anticipating the expected business growth in the coming years.

Our approach

Nel expects that any business relationship with internal or external partners are conducted with the highest standards of business integrity. The pre-qualification of vendors is performed with an integrity due diligence ("IDD") check and the review of a self-assessment prepared by our vendors.

Nel also sets clear expectations for our business partners with respect to business integrity. Transparency is important when setting the minimal compliance requirements expected in our business relationships. Nel's supply chain has in place an awareness program to distribute Nel's code of conduct and Nel's human right policy to business partners, and we also have these policies available on our website. In addition, a supplier quality, health, safety & environmental manual with clear guidance on these areas is distributed to vendors where relevant.

Furthermore, a Supplier Declaration formalizing the minimal requirements for human rights, business integrity, compliance with laws and regulations and health and safety are requested from vendors with which Nel has substantial business activities during the reporting period. The Supplier Declaration is expected to cascade to business partners a formal requirement of the lowest acceptable level of compliance in critical business areas.

Ongoing monitoring

Through our Supplier Audit Program, we audit strategic suppliers on aspects such as human rights, business integrity, health and safety, quality management systems, and operational matters. The Supplier Audit Program uses a risk-based approach where vendors are classified based on an evaluation of, inter alia, Nel's business dependency on the vendor, the effort required to replace the vendor if necessary and any risks in respect of business integrity or human rights.

In 2024, Nel's Supply Chain department audited 20 suppliers. The supply chain department aims to increase the target to 30 supply audits of suppliers in 2025.

TRANSPARENCY ACT

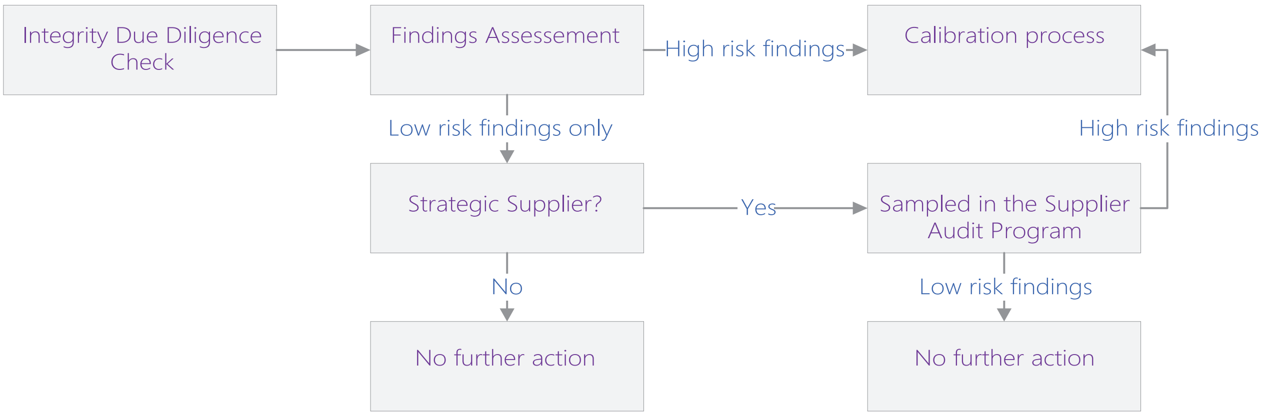
According to the Norwegian Transparency Act which entered into force July 1st, 2022, Nel has a duty to carry out a due diligence assessment related to fundamental human rights and decent working conditions in its own businesses and supply chains. As referred to above, Nel conducts a thorough pre-qualification process before entering a contractual relationship with new suppliers. This prequalification process includes an integrity due diligence ("IDD") check of the supplier. The IDD procedure is mandatory in Nel for any contractual relationship and red flags are handled in collaboration between the supply chain and compliance departments. In severe cases, the procurement process may be stopped, and the supplier disqualified from being part of Nel's supply chain. If the procurement process is not stopped as a result of the finding, adequate measure will be put in place to prevent, monitor and/or mitigate the risk.

Suppliers which Nel has substantial business activities during the reporting period are required to sign a Supplier Declaration. The Supplier Declaration formalizes the minimal requirements we expect and demand all suppliers in our value chain to meet, including respect for fundamental human rights. The Supplier Declaration establishes specific contractual obligations between Nel and the supplier within the area of compliance. These obligations come in addition to obligations in Nel's supply chain contracts.

General Supply Chain Risk Assessment of Nel's Supply Chain

The supply chain department manages the Supply Chain Due Diligence procedure with support from the compliance department.

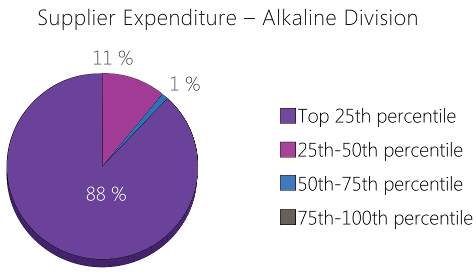
Nel has adopted a risk-based approach when it performs the due diligence of its value chain as required by the Transparency Act. The supply chain department performs a risk assessment to evaluate our business dependency on the suppliers and our ability to find suitable alternative suppliers. After initial due diligence of suppliers, they are classified as non-critical, bottleneck, leverage or strategic. When a supplier with high risk of non-compliance is identified, the Supply Chain department performs a thorough supply audit program including steps to assess Corporate Social Responsibility. A calibration process will be agreed for suppliers with high-risk findings, however no high-risk finding have been identified in 2024.



The due diligence is performed independently by each business unit. We have assessed country risk in the supply chain of each business unit, across all business units and the result of this assessment is shown in the diagrams below.

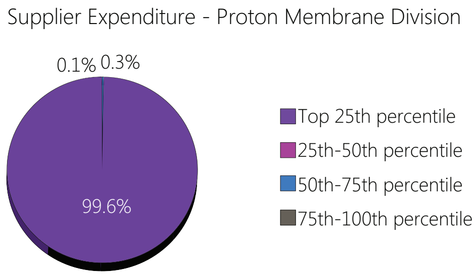
Alkaline electrolysers:

- 75-100 88%
- 50-75 11%
- 25-50 1%
- 0-25 0%



PEM electrolysers:

- 75-100 99.6%
- 50-75 0.1%
- 25-50 0.3%
- 0-25 0%



The figures above show that overall Nel predominantly has suppliers from low-risk jurisdictions. About 99% of Nel's suppliers are within the top two intervals and there are no suppliers in the bottom interval. Based on an overall assessment of country risk, risk of violations of fundamental human rights and decent working conditions in Nel's Supply chain is considered to be low.

Top 5 country expenditure in 2024:

COUNTRY OF INCORPORATION	%	CORRUPTION INDEX (CI)	CI RANK	ITUC
United States	37%	69	24	Systematic violation of rights
Norway	29%	84	4	Sporadic violation of rights
Sweden	11%	82	6	Sporadic violation of rights
Denmark	5%	90	1	Sporadic violation of rights
Germany	5%	78	9	Sporadic violation of rights
Top 5 representation	88%			

Labour rights

Some of Nel's strategic suppliers operate in countries classified with systematic violations or regular violations of labour rights in accordance with the International Trade Union Confederation ("ITUC"). Employees in our value chain working in these specific countries have a higher risk to be employed in companies that do not comply with the minimal requirements required in Nel's Human Rights policy for employment security and reasonable working hours. Nel monitors its value chain with site visits to strategic suppliers and educate its value chain with policies and supplier declaration available on Nel's website.

Conflict minerals

Nel's Alkaline electrolysers contain steel and nickel, the PEM electrolyser contain steel, aluminium, nickel, copper, platinum, titanium and iridium. Although none of these minerals are on the European Union list of conflict minerals, Nel understands that the value chain of mineral and steel suppliers has particular complexity due to a complex cross border process of production and transportation of minerals to Europe and United States. These suppliers are continuously monitored by our Integrity Due Diligence checks.

Overall assessment

No case of violation to Labour Rights, Code of Conduct or Nel's Human Rights policy have been identified in the due diligence procedure performed during 2024.

General Supply Chain Risk assessment for own operations

Nel has its production facilities and almost all its employees in the United States, and Norway. Norway has historically been assessed as having a low risk for Human Rights and Corruption, ranked top 4 in the Corruption Perception Index. The United States has also been assessed at low risk, placed in the 24th position of Corruption Perception Index ("CPI") and 20th position in the HDI ("Human Development Index"). During our review of internal risks that could affect Nel business and its value chain, we have identified opportunities of improvement for reduction of frequency of safety incidents at workplace and implementation of a policy for diversity and equality.

Safety at workplace

Nel's operations have an inherent risk of incidents relating to health and safety mainly caused by handling of chemicals, weight handling or working at height. Health and safety incidents are managed by the safety committee and local QHSE departments and tracked in the LTIF (Lost-time Incidents Frequency) and TRIF (Total Recordable Injuries Frequency). Safety is our number one priority, and this is reflected in our culture, training programs, and monitored by the Nel's safety program. The safety responses implemented to address the risks and opportunities related to safety at workplace is described in the section "Organisation and Occupational Health and Safety".

Diversity and equality

Nel has a diverse workforce strengthened by the knowledge and experience from different working backgrounds, cultures, beliefs, and races. Nel acknowledges the importance of a culture that foster Diversity and Integrity providing equal opportunity regardless of gender, culture background or race.

In response, Nel publicly commits in its job advertisements to be an equal opportunity employer. The Human Resources department is involved in the hiring process advising hiring managers and ensuring that candidates are equally treated in all steps of the recruitment process. Job advertisements for our operations in Norway are posted in the English language to ensure a broader outreach and welcome highly skilled immigrants to apply to open positions. In 2024 Nel implemented a global Diversity and Equality policy in accordance with the conventions of the International Labour Organization consolidating the minimal procedures expected from the local human resource departments.

Duty to provide information

Nel has a whistleblowing channel where concerns related to our value chain can be submitted anonymously for investigation. Contact details / instructions for how to report a concern are found on our website's Ethics and Compliance section. No report was received in 2024.

Key performance indicators for responsible supply chain:

KEY PERFORMANCE INDICATOR	UNIT OF MEASUREMENT	31 DECEMBER 2024	31 DECEMBER 2023	CHANGE	KPI TARGET FOR 2025
Supplier audits concluded within the fiscal year	Supplier audits completed during the reporting period	20	23	-3	30
Site visits during supplier audit program	Reportable event	20	23	-3	
Number of suppliers not renewed due to breaches to compliance policy	Number of contracts not renewed due to breaches of compliance	None	None		
Integrity Due Diligences ("IDD") performed in suppliers with active contracts	IDD performed	80%	99.8%	-19.8%	100% of active suppliers shall have IDDs performed.
Total suppliers with active contracts	Suppliers with active expenditure during the year	698	1 039	-341	

Information Security

Cyber security threats have continuously increased in scale and sophistication in recent years. Nel has established a strong information security program designed to protect the confidentiality, integrity, and availability of data. By implementing advanced security protocols and conducting continuous monitoring, we proactively address threats and minimize vulnerabilities. Our approach is rooted in industry best practices and a commitment to maintaining trust with stakeholders.

To stay ahead of evolving cyber threats, we regularly assess and enhance our security measures. Ongoing investments in advanced technologies and regular audits ensure our defenses remain resilient. This proactive strategy has been instrumental in maintaining our record of zero data breaches, even as global cyberattacks continue to rise. In 2024, we have further strengthened our capabilities by hiring a Security Architect and an operational technology (OT) Security Analyst to expand our expertise and focus on emerging areas. In an effort to support our customers with NIS2 compliance, all our security measures have been implemented in alignment with NIS2 requirements.

Responding to information security threats

Acknowledging that some attacks may be unavoidable, Nel has partnered with an industry-leading incident response provider to ensure swift and effective handling of any potential incidents. This collaboration gives us access to cutting-edge expertise and tools, enabling rapid detection, containment, and investigation of security events. Such measures are key to minimizing impact and ensuring a swift recovery.

Culture and training

We emphasize the importance of human vigilance in our security efforts. Nel security awareness program achieves a participation rate of over 96%, reflecting its effectiveness in fostering a culture of security. Regular training ensures employees are equipped to recognize and respond to potential threats, reinforcing our defences at every level of the organization.

Looking ahead, we are committed to increasing adherence to industry standards, such as ISO 27001 and IEC 62443, to further strengthen our cybersecurity framework.

Directors & officers insurance (D&O)

Based on requirements brought by the Norwegian Accounting Act section 3-3a, information about our D&O insurance is provided. Nel has entered into a D&O liability insurance. This insurance is meant to prevent employees and members of the Board at Nel from being held personally responsible for decisions made by the company. The insurance applies to all material decisions made by employees on behalf of Nel.

Human Capital

The workforce is the most valuable resource in Nel. The highly skilled characteristic of our workforce makes employment retention and well-being at workplace critical dependencies to our operations. On the other hand, the ability to absorb skilled personnel from industries highly related on fossil fuels is a relevant opportunity to local communities and labour market in a business scenario with Net Zero Emission. The global human resource department is committed with the highest HR standards for talent attraction and retention, and well-being at workplace.

During 2024, our talent retention was tested in a competitive labour market in the United States and Europe, recording the lowest employment rates in the last two decade.

The turnover rate increased from 11% to 15%. In 2024, Nel implemented a feedback calibration process ensuring that employees received timely feedback during the year, therefore allowing employee development before the annual performance appraisal. All employees in Nel participated in the appraisal process in 2024.

In 2025, Nel's HR will develop a comprehensive talent mapping system that provides a holistic overview of organizational roles, job titles, and hierarchical levels. In addition to implementing a manager program to enhance leadership capabilities.

During 2024 it has been a high focus on safety training in addition to other global mandatory trainings.

AVERAGE TRAINING HOURS, PER EMPLOYEE	2024	2023
Male	06:40	7:20
Female	06:40	7:20

In Nel, we prioritize an active two-way dialogue with our workforce. The human resource department of each facility engage in active feedback with employee's representatives and organization classes. The proactive engagement allows Nel to better understand the concerns of its workforce and to negotiate balanced resolutions to impacts, risks and opportunities affecting employees. Nel's leadership have open communication with employees through several mechanisms, including town-hall meetings with at least quarterly occurrence. Employees are also encouraged to anonymously report unmanaged concerns in one of the grievance mechanisms available in Nel (whistleblowing channel, ethics hotline, direct report to HR managers or direct report to line manager). The grievance mechanisms are promoted on Nel's intranet, at workspace, commented on mandatory trainings, and townhall meetings. The legal and compliance department addresses the reports received in the whistleblowing channel or ethics hotline, with summary of cases reported to the Board Audit, Risk and Sustainability Committee ("BARSC"). All whistle-blowers are protected against retaliation under Nel's Ethics Hotline policy.

In 2024, Nel's HR implemented two initiatives to enhance employee experience and integration across international markets. First, the company introduced Winningtemp, an engagement index survey tool, to assess and improve workplace satisfaction. Concurrently, Nels HR successfully launched a global onboarding process to efficiently integrate new team members worldwide.

Nel is an equal opportunity employer and acknowledges the relevance of integrate and represent its diverse workforce. In all job advertised, Nel publicly states its commitment to be an equal employer without discriminate employees due to racial and ethnic origin, colour, sex, sexual orientation, gender identity, disability, age, religion, political opinion, national extraction or social origin, or other forms of discrimination covered by Union regulation and national law. In 2025, Nel plans to implement a policy for Diversity and Equality in compliance with the conventions of International Labour Organization.

Human Resources targets for 2025

- Develop and implement a manager training program
- Create an organizational overview with competency matrices and succession plans
- Implement global policy for Diversity and Equality

WELL-BEING AT WORK

In 2024, Nel implemented a global onboarding program where new hires are introduced company strategy and specific challenges and characteristics of each business division. The onboarding program is providing easier integration of new hires promoting better adaptability to our workplace. After implementing an engagement index survey tool, Nel has achieved positive initial results, with satisfying workplace temperature metrics. These promising early indicators suggest a strong engagement and positive workplace sentiment among Nel's team members. In 2025, Nel will maintain a rigorous approach to tracking and analysing these survey results.

WORKING HOUR POLICY

Nel strives to ensure that employees do not exceed reasonable working hours to provide a balance between work and personal life. All managers in Nel are responsible for monitoring the working hours of their direct reports, making sure these are within acceptable limits and complying with statutory rights for holiday, parental leave, or any other employee right for work-absence. In addition, Nel has in-place a working hours policy describing the statutory rights for employees, the policy in place for shift work, overtime policy and requirements for passive service in case of emergency issues. Although Nel's workforce is placed in countries with strong labour unions and statutory labour laws, Nel has the ambition to increase steering on the working hours in the coming years with implementation of a working hours systems for improved reporting of work shifts.

Employees are also encouraged to access the employee handbook on Nel's intranet containing a detailed description of internal human resource policies and legislation guidelines regarding employee benefits, expected working hours, labour statutory rights and grievance mechanisms.

TALENT DEVELOPMENT AND RETENTION PROGRAMS

Throughout 2024 Nel has onboarded approximately 64 new employees. Nel's Human Resource strategy is anchored on talent attraction and retention. Among the actions for talent attraction, Nel has implemented partnerships with well-known universities, attended career fairs and events in relevant institutions targeting a higher outreach of apprentices. Nel has implemented a formal internship program with a structured learning experience program, including the allocation of a dedicated mentor with relevant expertise on the subject covered during the internship.

For talent retention, Nel has a common HR-system, optimising the HR processes and allowing increased learning and comparison of results. The common HR-system support the performance evaluation process, where targets are cascaded from the department team-leader to its team members. Employees are also encouraged by team leaders to contribute with the definition of some targets describing areas of self-development and career goals. The performance evaluation program requires interim feedback ensuring both talent development and corrective actions in appropriate time. In Nel, managers have the mandate to monitor the needs for on-the-job training, knowledge adoption and further competence development needs through the new appraisal and goals setting process. The purpose is to ensure that development activities help employees in their current and/or future role. Based on identified needs, some employees have been assigned to specific external learning sessions.

In addition, the Human Resource department is delivering behavioural trainings with dilemma situations to further develop managers in their daily challenges to develop and steer their team members.

Absolute number and rate of employment

Permanent and temporary employees, by region and gender

PERMANENT EMPLOYEES, BY REGION AND GENDER	FEMALE	MALE	TOTAL	FEMALE (%) 2024	FEMALE (%) 2023
Norway	50	198	248	20.2%	21.1%
United States	36	110	146	24.7%	23.4%
Other	1	2	3	33.3%	11.5%
Total	87	310	397*	21.9%	20.5%

*Employees that defines themselves as non-binary or undefined are excluded due to privacy concerns..

TEMPORARY EMPLOYEES, BY REGION AND GENDER	FEMALE	MALE	TOTAL	FEMALE (%) 2024	FEMALE (%) 2023
Norway	9	30	39	23.1%	44.4%
United States	2	5	7	28.6%	0.0%
Other	0	3	3	0.0%	0.0%
Total	11	38	49*	22.4%	44.4%

Permanent employees: Employees under work contracts that are renewed before a notice of termination.

Temporary employees: Employees with fixed-term work contracts.

*Employees that defines themselves as non-binary or undefined are excluded due to privacy concerns.

We strive to increase our gender balance across the different locations, we have a focus on diversity through recruitment ensuring we offer equal opportunity to all relevant applicants. Women in executive management is 1, or 11.1%. Women in the Board of Directors is 3, or 42.9%.

Gender pay gap

MALE-FEMALE PAY GAP	PERMANENT
Norway	10%
United States	16%

The male-female pay gap is the difference between average gross hourly earnings of male paid employees and of female paid employees expressed as a percentage of average gross hourly earnings of male paid employees. The high discrepancy on temporary employees is caused by the small population of temporary employees resulting in disproportional comparison of salaries from senior positions to junior positions.

	2024	2023
Pay gap to highest paid individual and the median remuneration for permanent employees (excluding highest paid individual)	473%	480%

Nel's remuneration policy was approved by the General Meeting 15th of April 2021. Refer to remuneration report 2024 which describes how the policy has been applied during 2024.

Employee turnover and new employee hire

Diversity focus including gender balance is included in our recruitment and sourcing activities.

TURNOVER RATES	PERMANENT	TEMPORARY
Employee turnover rate	17.2%	145.0%**
Voluntarily turnover rate	15.0%	100.0%**

** Nel has a small headcount of temporary employees with contract duration shorter than 12 months. The small population and the preference for short term contracts are the main contributor to the high percentages identified in the report.

Movement in employee headcount by gender	FEMALE	MALE	TOTAL
Total headcount end of 2024	87	310	397*
Opening count 2024	100	353	453*
Rate of change	-15%	-14%	-14%

*Employees that defines themselves as non-binary or undefined are excluded due to privacy concerns.

AGE DISTRIBUTION OF WORKFORCE

PERMANENT EMPLOYEES, AGE GROUP	<31	31-49	50+
31.12.2024	66	220	115
01.01.2024	85	241	127
Age group % of change	-29%	-10%	-10%

TEMPORARY EMPLOYEES, AGE GROUP	<31	31-49	50+
31.12.2024	15	6	4

PARENTAL LEAVE

Nel facilitates for all female and male to take out parental leave and assure them to be employed after their leave as it is important for our employees in terms of work-life balance and well-being.

	MALE	FEMALE
Took parental leave	14	4
Percentage of entitled employees that took parental leave	100%	100%
Returned to work after parental leave ended	11	1

SICK LEAVE

SICK LEAVE COVERAGE	PERMANENT
Sick-leave rate	3.49%
Sick-leave days paid out to employees	63%
Coverage of employees	100%

Sick leave days paid to employees in Norway and US is 100% and 0%, respectively.

COLLECTIVE BARGAINING AGREEMENTS

COLLECTIVE BARGAINING AGREEMENTS	2024	2023
Norway	86%	86%
USA	0%	0%
Other	0%	0%

Nel operates in countries with strong social development, competitive labour markets and available benefits for social protection in case of temporary unemployment, sick leave, or illness. Nel holds a group policy to financially support employees in case of major life incidents including covering for medical disability, occupational disability, or death.h.

APPRAISAL DIALOGUE

APPRAISAL DIALOGUE	2024	%
Permanent employees	401	100%

Governance

ETHICAL BUSINESS CONDUCT AND COMPLIANCE

Nel conducts business on all continents and the demand for Nel's hydrogen solutions is growing. Through the expanding portfolio of international projects, Nel has a significant number of third-party relationships, and frequently collaborates with other companies operating in the hydrogen industry. For businesses with a significant international footprint, a robust culture of compliance is vital to achieve sustainable value creation and success.

In 2024, the Board of Directors and the executive management team have continued their work to strengthen Nel's compliance system. The Board of Directors approves the content of the overall compliance program and the individual compliance policies. The individual procedures are approved by the CEO. The Board of Directors and the executive management team are enrolled in the compliance training program and their training is monitored and followed up in the same manner as for other employees.

The purpose of the compliance program is to prevent and mitigate compliance risks by enabling all persons and entities working for or on behalf of Nel to understand, observe, and adhere to Nel's governance framework. All Nel's activities must comply with national, regional, and international laws. Through the Nel Code of Conduct, we stipulate the essential requirement that all Nel's activities should be conducted in an ethical and sustainable manner.

Notable developments in 2024 include improving the compliance training program by, inter alia, increasing the course portfolio with courses which are more specifically customized for Nel. Furthermore, the language options for the compliance e-learning were expanded to include Norwegian and the most common languages globally allowing our employees to conduct training in their native language. Although English is our working language, the ability to conduct training in the employees native language will increase our ability to efficiently train all parts of the Nel organization.

Training of employees is crucial for an effective compliance program, and in Nel we conduct our compliance training in accordance with an Annual Compliance Wheel. The Annual Compliance Wheel provides a yearly compliance training program for the BoD and all employees, and the number of courses and type of training will differ depending on the role the employee has in Nel. Compliance e-learning courses are supplemented by face-to-face training conducted by Group Legal and Compliance. The compliance training covers topics such as anti-bribery and corruption, sexual harassment, economic sanctions, competition law and introduction to data protection and privacy. All compliance training is mandatory and closely monitored and a failure to complete compliance training will result in a reduction in the employee's variable compensation. For 2024 compliance with the training program can be summarized as follows:

- 94% of the employees have completed training in accordance with the Annual Compliance Wheel. This is an increase of 1% from 2023.
- 100 % of Nel's executive management and Board of Directors have completed the training in accordance with Annual Compliance Wheel. This is an improvement from 2023 where the executive management and the BoD combined for a 93% completion percentage.

Whistleblowing

The company's whistleblowing channel – the Nel Ethics Hotline – has been operational since September 2020. The whistleblowing channel is operated by a third-party service provider ensuring full anonymity for the reporter. In addition to English, the channel is also available in Norwegian ensuring a low language barrier for reporting a concern. The whistleblowing channel is open for third parties/external stakeholders as well as employees of Nel and a link to the whistleblowing channel is published on Nel's official website. From the inception the vast majority of reports are received from within the organisation, however, the fact that we have also received reports from outside the organization documents that there is awareness of the whistleblowing channel also with external stakeholders.

During 2024 there has been no cases reported through the whistleblower channel. This is a significant reduction compared to the two previous years. 7 cases were reported in 2023 and 15 cases were reported in 2022. Nel believes this steady reduction in part can be ascribed to specific initiatives in 2023 and 2024 which were targeted to improve the work environment in Nel. An example of this is a customized behavioural training program which was launched during the first quarter of 2023. Furthermore, during 2024 the Human Resources department also launched an initiative where all employees are required to report weekly on issues related to the work environment. The consequence is that potential conflicts and issues are discovered early thereby facilitating early intervention by the Human Resources department which prevents the conflict or issue from escalating. In addition, the spin-off of Nel's fueling division in June 2024 resulted in an approx. 35% reduction of employees, which may also have contributed to the reduction of cases reported,

All reports of concerns received through Nel's Ethics Hotline are handled in accordance with Nel's Ethics Hotline Procedure and Nel's Investigation Procedure. According to the procedures all reports of concern are received by a team consisting of three people – the ethics hotline team – which will initiate the investigation of the report. Depending on the category of the case, subject matter experts will be involved on a case-by-case basis. All received reports are kept confidential and investigated in accordance with fundamental principles of due process. The extent of management involvement in a specific case will be determined on each case dependent on a specific risk assessment.

Compliance targets for 2025:

- 100% of relevant Nel employees to have completed e-learning compliance training in accordance with the Annual Compliance Wheel.
- 100% of Nel's executive management team and Board of Directors to have completed the anti-bribery and corruption training during 2025.

Key performance indicators related to Governance:

KEY PERFORMANCE INDICATOR	UNIT OF MEASUREMENT	31 DECEMBER 2024	KPI TARGET FOR 2025
Ethical business conduct and compliance			
Compliance training ("Board of Directors and Management")	%	100%	100%
Compliance training ("Nel employees")	%	94%	100%
Total amount spent on fines for damages as a result of violations regarding social and human rights factors	NOK	0	0
Expenditure with lobby and donation to political parties	NOK	0	0
Whistleblower channel			
Total number of reported concerns – YTD		None	Not applicable
Of which are related to business ethics and corruption	Reportable event - per incident	None	
Of which related to discrimination	Reportable event - per incident	None	
Others	Reportable event - per incident	None	
Investigations and inquiries initiated by compliance team in the reporting year	Reportable event - per incident	None	
Cases open at beginning of reporting period	Reportable event under investigation	None	
Cases open at end of reporting period	Reportable event with investigation concluded	None	
Payment practice			
Confirmed incidents of corruption or bribery	Reportable event - per incident	None	Not applicable
Number of contracts terminated due to confirmed	Reportable event - per contract	None	
corruption or bribery incidents	Standard contract term	30-60days	
Average payment term agreed with suppliers			
Non-executive board members	Board member	7	-
Executive board members	Board member	None	-
Gender diversity (female board members)	Female board members (%)	43%	-

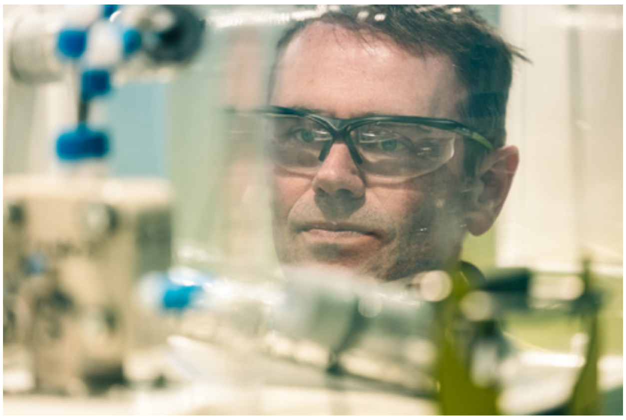
INNOVATION AND TECHNOLOGY

FINANCIAL INVESTMENT CONTRIBUTION (NOK million)

		AWE	PEM	GROUP
2024	Research and maintenance	103	126	229
	Capitalised development	121	15	136
	Total R&D spend (NOK millions)	225	140	365
	R&D spend in % of annual revenue and other income	22%	29%	24%
2023	Research and maintenance	76	76	152
	Capitalised development	76	55	131
	Total R&D spend (NOK millions)	152	131	283
	R&D spend in % of annual revenue and other income	17%	24%	20%

At Nel, being "number one by nature" will always be our strategic ambition, and consistent R&D is necessary to maintain and develop this position further. The technology portfolio includes several development programs for current and future generations of electrolysers.

Nel has an active IP protection strategy and has more than 100 active patents. Nel's IPR strategy is managed and further developed by a Nel IPR committee that works across the organization and meets bi-weekly.



ELECTROLYSER

The Research and Development ("R&D") team is the steward of the product portfolio working to implement an eco-design and the highest technology and safety standards. Electrolysers can have increased acceptance in the climate transition if achieving optimal utilization of physical space, and reduced complexity on commission and transportation of equipment. In 2023, Nel announced the development of a pressurized alkaline technology with potential to unlock improvements to critical indicators of stack cost, stack efficiency and a simplified design. In the Proton Membrane division, the partnership with General Motors continues to be a contributor to the development of a new cell stacks series with improvements on production efficiency, equipment durability and consequential reduction of Levelized Cost of Hydrogen ("LCOH"). The partnership was designed with a series of seven milestones of which two of them were achieved in 2023, and further expected to be achieved in 2025.

CIRCULAR ECONOMY

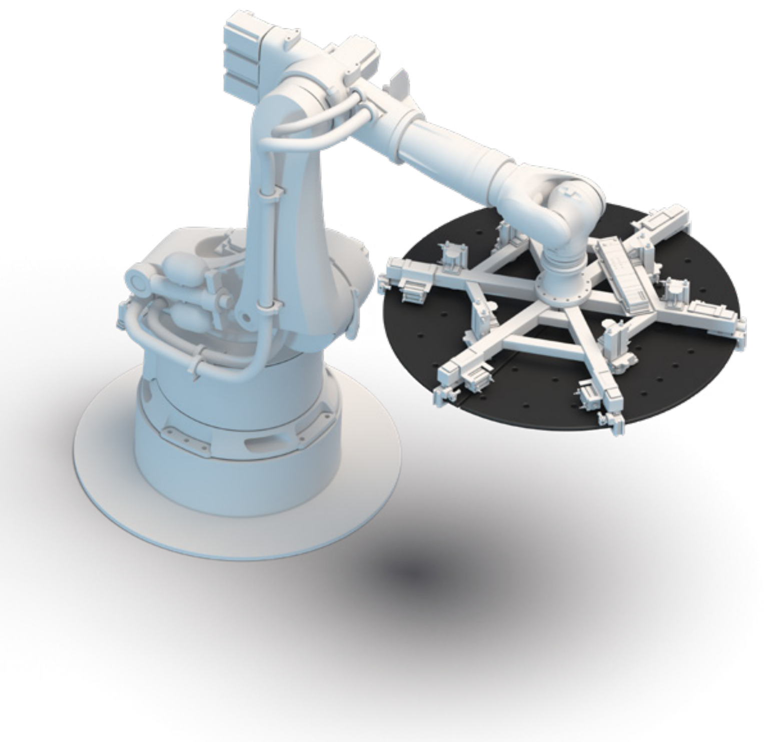
Nel has conducted analysis of eco-design in current products and products under development. The analysis includes the end-of-life treatment and recyclability of significant bill of material items. Nel's Alkaline technology is an electrolyser consisting of nickel-coated steel plates. The nickel-coated steel plates can be recycled. Nel's PEM electrolyser contains of platinum and iridium, both which can be recycled end-of-life.

All Nel's electrolysers are designed for a lifetime of 7 years or above depending on operational pattern. The surrounding plant has a longer lifetime. Customers will therefore replace stacks that reach the end of their economic life with new or refurbished stacks or extend the life with replacing only a few components depending on operational pattern, wear and economic considerations. Nel has a history of supporting its customers with such replacements and repairs across all its product platforms and continues to develop its after-sales business.

The concept of "decoupling" has gained significant attention in recent years as a framework for promoting sustainable resource management. Decoupling refers to the idea that economic growth and increasing consumption do not necessarily have to be accompanied by parallel increases in resource extraction and the associated environmental degradation. By making more efficient use of physical materials, such as steel and other metals, through increased recycling, it is possible to decouple consumption from resource use. Recycling plays a key role in this decoupling effort by reducing the need for resource extraction, requiring less energy consumption compared to processing virgin raw materials, and resulting in lower emissions and other environmental impacts

Recycling electrolysers is not a unique challenge. Nel provides guidance to its customers for handling of end-of-life handling of consumables and equipment. For the alkaline product, the current assessment is that existing commercially available recycling and end-of-life handling providers are the best way of addressing the challenge. For the PEM platform, recycling of especially Iridium still needs to be developed further. Nel therefore offers to take back the core components for end-of-life treatment and recycling. Nel participates in industry initiatives to improve the material recycling supply chain for electrolysers.

Innovation and technology targets for 2025:
- 10 % of revenue to be spent on Innovation and Technology
- Five new innovative ideas and two new patent applications/trade secrets to be developed in 2025.



EU Taxonomy

SUBSTANTIAL CONTRIBUTION TO CLIMATE MITIGATION

The EU Taxonomy is the cornerstone of EU's sustainable finance framework and an important market transparency tool to channel capital towards climate-friendly investments. The Norwegian Parliament resolved to include the EU Taxonomy Regulation in the EEA Agreement on 29 April 2022. The Norwegian government established the regulation as part of Norwegian law as of 1 January 2023, which imply mandatory reporting from the reporting period of 2023. Nel conducted a thorough assessment of revenue, operational expenditure and capital expenditure to identify the percentage of its operations aligned (contributing) to the EU Taxonomy goals and complying with the EU Taxonomy safeguards. For 2024, Nel decided to disclosure its potential alignment to the EU Taxonomy before assurance from third party specialists.

The EU Taxonomy is organized by economic activities where revenue, operational expenditure and capital expenditure are assessed if Taxonomy-aligned, Taxonomy-eligible, or not eligible. The pivotal criteria to qualify the revenue stream is to have substantial contribution in at least one of the six environmental objectives listed in the Taxonomy without cause significant harm to the criteria not addressed. Moreover, the Taxonomy has safeguards related to human rights, tax policy and fair competition.

Nel manufacture electrolysers for hydrogen production, which is classified within EU Taxonomy economic activity 3.2 "Manufacture of equipment for the production and use of hydrogen". To achieve the criteria for this activity type, Nel's equipment must provide technology where the hydrogen for the production of which equipment is manufactured complies with the technical screening criteria[1] resulting in life cycle GHG emissions lower than 3 tCO2e/tH2. Life-cycle emissions is defined in the second act as well-to-gate emissions and emissions from transportation type used for delivery of hydrogen.

Nel's electrolyser equipment produces hydrogen from water electrolysis resulting in nearly nil emissions from the utilization of the equipment when connected to renewable energy sources and therefore demonstrating potential to

1 Technical screening criteria in hydrogen economic activity 3.10: The life cycle GHG emissions savings requirement of 73.4 % [resulting in life-cycle GHG emissions lower than 3 tCO2e/tH2] and of 70% for hydrogen-based synthetic fuels relative to a fossil fuel comparator of 94g CO2e/MJ in analogy to the approach set out in Article 25(2) of and Annex V to Directive (EU) 2018/2001 of the European Parliament and of the Council.

the substantial contribution to the requirement of life-cycle emissions lower than 3 tCO_2e/tH_2. The GHG emissions in the production of renewable hydrogen is mainly linked to the type of energy source used as electricity to operate the hydrogen production plant and eventual CO_2 emitted during transportation of final goods (e.g., fuel, chemicals, fertilizers) to end-users. Nel's technology for electrolysers have nearly no GHG emissions for hydrogen production and therefore contributes to climate change adaption providing equipment that enable hydrogen production without emitting CO_2 in the production process.

In addition, Nel provides engineering services in form of FEED ("Front-End Engineering Design") and pre-FEED studies assisting customers in the development of Engineering, Procurement and Construction ("EPC") and Balance-of-Plant activities for a complete renewable hydrogen plant. Nel provides FEED studies to projects with installation of Alkaline or PEM electrolysers. These scopes set the boundaries for consulting projects with renewable hydrogen production. Nel concludes that its FEED studies comply with the activity "*9.1. Engineering activities and related technical consultancy dedicated to adaptation to climate change*".

DO NO SIGNIFICANT HARM ("DNSH") ANALYSIS

Climate change adaptation

Nel's manufacturing facilities are in industrial parks with lease term expiring in between 5 to 7 years. Nel have assessed and confirmed resilience towards different chronic and extreme climate hazards and their future development. Nel does not forecast climate change risks affecting its operation within this timeframe for its locations. It is also possible to reallocate the assets and operations, should the risk become material, to areas with lower climate risk, or negotiation with building owners to implement climate security measures in accordance with most recent climate forecast for the lease term. Facilities located close to the sea have increased risk of flooding in case the precipitation pattern suffers substantial increase in the coming years. For now, the precipitation forecast does not outcome in major risks of flooding, however, Nel has in place an emergency policy for incident handling in case of an acute climate catastrophe.

Nel did not identify any significant harm to the climate change adaptation objective in accordance with the criteria described in the EU Taxonomy. It is assessed that all relevant eligible activities comply with the criteria set out in appendix A to annex I of the Climate Delegated Act. Further reasonable assurance will be acquired from external specialist during 2025.

Sustainable use and protection of water and marine resources

Nel has a Wastewater Treatment policy in place aimed to make the best possible usage of water resources and ensure that its Wastewater Treatment Plants manage water discharge within unharmful levels of contamination in line with local laws, regulations and permits. Nel's Wastewater Treatment policy is mentioned in the criteria for "pollution prevention and control". Nel's QHSE team has a thorough process of water monitoring in place with periodical testing of water samples in laboratorial analysis.

Nel does not have operational facilities in water-stressed regions.

Nel did not identify any significant harm to the sustainable use and protection of water and marine resources objective in accordance with the criteria described in the EU Taxonomy. It is assessed that all relevant eligible activities comply with the criteria set out in appendix B to annex I of the Climate Delegated Act. Further reasonable assurance will be acquired from external specialist during 2025.

Transition to a circular economy

Nel's technologies are developed prioritizing the lifetime of the equipment, as well as applying state of art techniques when applying raw materials and resources onto the manufacturing of equipment. Nel's electrolysers equipment have a lifetime estimated between 7-10 years. The estimated lifetime is factored in Nel's Research and Development ("R&D") process as an important assumption for a net zero benefit to customers and the environment. Nel is constantly working to increase the durability and recyclability of its products.

Nel's Technology department aims to optimize products for highest performance efficiency with reduced consumption of raw materials and minerals, and optimal land utilization. Nel's products have steel as its primarily raw material which have an active market for recycling. Nel encourages customers to return end-of-life equipment for thorough recycling process and R&D initiatives on the end-of-life cycle supporting a circular economy.

Nel did not identify any significant harm to the transition to a circular economy objective in accordance with the criteria described in the EU Taxonomy. It is assessed that all relevant eligible activities comply with the criteria set out in appendix C to annex I of the Climate Delegated Act. Further reasonable assurance will be acquired from external specialist during 2025.

Pollution prevention and control
Nel complies with the environmental laws and regulations in the countries where its facilities are located, working to prevent that air, noise, and water pollution can affect local communities, partners, or its workforce. Nel's facilities have local environmental policies for management of water discharge and waste treatment. Nel's QHSE teams implement thresholds below the requirement imposed by local environmental authorities aimed to preventively identify deviations in water quality prior major catastrophes. Nel's environmental policies require application of best available techniques to mitigate risks of major disasters in a preventive manner.

Nel understands that the correct workforce to monitor and prevent harmful release of pollutants is an important part of the process to implement the correct environmental policies and procedures. Nel facilities have an appointed QHSE director reporting to the management about the compliance and efficiency of environmental policies. Nel's Alkaline and PEM divisions are certified with ISO 14001.

Water discharge points have approval from environmental authorities before release. Where relevant, Nel has in place a Wastewater Treatment Plants to manage the water quality prior the discharge points. Nel's environmental assessment did not identify material soil and noise pollution risks, such that could affect local communities or neighbours outside the industrial parks where our factories are located. Where Nel operates chemical baths for production, a policy for air pollution management is in place ensuring an appropriate process for air filtering. Nel workforces must work with safety equipment to protect from loud machinery or hazardous in the workplace.

The waste management process in Nel has in place procedures to log and dispose waste accordingly to the waste type. Local QHSE teams have in place procedures to maximize the recycling of non-hazardous waste. The management of hazardous waste is outsourced with environmental certified partners.

Waste Management recommendations are sent to customers, including classification of substances and mixtures in the product based on the Classification, Labelling and Packaging regulations in the EU.

Nel did not identify any significant harm to the pollution prevention and control in accordance with the criteria described in the EU Taxonomy. It is assessed that all relevant eligible activities comply with the criteria set out in appendix C to annex I of the Climate Delegated Act. Further reasonable assurance will be acquired from external specialist during 2025.

Protection and restoration of biodiversity and ecosystems
Nel's facilities are in industrial parks selected due to their location outside conservation areas, complying with environmental laws and regulations. Nel does not operate in locations within the red list from the International Union for Conservation of Nature's Red List of Threatened Species ("IUCN") or in natural areas protected by the UNESCO's World Heritage list. In addition, the environmental impact assessment performed by the NGI ("Norwegian Geotechnical Institute") have not identified specific risks to biodiversity and ecosystem in Herøya, Norway. Nel's factories are in industrial parks preventively located in areas outside of critical biodiversity and ecosystems.

Nel did not identify any significant harm the protection and restoration of biodiversity and ecosystems objective in accordance with the criteria described in the EU Taxonomy. It is assessed that all relevant eligible activities comply with the criteria set out in appendix D to annex I of the Climate Delegated Act. Further reasonable assurance will be acquired from external specialist during 2025.

Minimum safeguards

Human Rights
The Norwegian Transparency Act entered into force in July 2022 to establish and promote enterprises' respect to fundamental human rights and decent working conditions. Nel has in-place a Human Rights Policy reassuring its commitment to the most established Human Rights framework, including UN Guiding Principles on Business and Human Rights and OECD's guidelines for multinational enterprises, including the principles of the Declaration of the International Labour Organization on Fundamental Principles and Rights at Work and the International Bill of Human Rights, both in our own operations and supply chain.

Nel's supply chain teams, with support from the compliance team, carefully screen suppliers and business partners before engaging in commercial partnerships. Nel's integrity due diligence check is a continuous process aimed to identify risks and implement suitable measures to prevent adverse impacts based on the most established Human Right's frameworks. The complete list of Human Right's framework can be found in the Human Right's policy available in the Ethics and Compliance page of Nel's website.

Nel believes to be compliant with the minimum safeguard for Human Rights aligned to the EU taxonomy. Further reasonable assurance will be acquired from external specialist during 2025.

Corruption
Nel Anti-Bribery and Corruption Policy sets out requirements and responsibilities relating to the prevention of bribery and corruption in Nel's business dealings. Employees and representatives are obliged to follow the strictest anti-bribery and corruption standards when making their business decisions. Nel does not tolerate corruption in any form, and we are committed to conduct our business in an honest and ethical manner in accordance with applicable law. The purpose of our Anti-Bribery and Corruption Policy is to prevent bribery and corruption throughout Nel's business activities, and it applies to all employees and business partners working for or on behalf of Nel. To foster a culture of zero tolerance against bribery and corruption, Nel has in-place an annual wheel of compliance training's that includes modules to increase awareness and prevention in this area. Nel also have available an ethics hotline and a whistleblowing channel where internal and external stakeholders can anonymously report the cases of concern for investigation.

Nel believes to be compliant with the minimum safeguard for corruption aligned to the EU taxonomy. Further reasonable assurance will be acquired from external specialist during 2025.

Tax
Nel has an international presence delivering projects in Europe, Asia, Africa, and North America. Nel adopts a responsible approach to taxation implementing its Tax Policy in compliance with the local tax regulation and where applicable, aligned with OECD Transfer Pricing guidelines. In the fiscal year that ended 31 December 2024, Nel did not operate in tax heavens nor countries where the domestic legislation is not consistent with the OECD Transfer Pricing guidelines. Moreover, Nel has a centralized tax accounting team implementing tax risk strategies and processes aimed at mitigating the risk of non-compliance with tax legislation of countries where Nel's holds employment, revenue, or operations.

Nel believes to be compliant with the minimum safeguard for tax aligned to the EU taxonomy. Further reasonable assurance will be acquired from external specialist during 2025.

Fair Competition
Nel carries out its activities in a manner consistent with all applicable competition laws and regulations, complying with the requirements in the jurisdictions of commercial activity. Nel requires all employees to read and comply with its Code of Conduct which, inter alia, addresses fair competition in such a way to foster in the corporate culture the best behaviour towards business practice. Management prohibits all type of anti-competitive practices, including agreements on prices between competitors, bid rigging/market sharing, or to limit or restrict supply to customers.

Nel believes to be compliant with the minimum safeguard for fair competition aligned to the EU taxonomy. Further reasonable assurance will be acquired from external specialist during 2025.

EU TAXONOMY – ACCOUNTING POLICY

Turnover

EU Taxonomy eligible
Nel is a manufacturer of PEM Electrolysers and Alkaline Water Electrolysers (collectively "Electrolysers") for production of renewable hydrogen. The technology of these equipment enables the climate mitigation with supply of renewable hydrogen. These equipment are EU Taxonomy eligible under activity 3.2 (applying technical screening criteria in 3.10) due to its substantial contribution to the climate mitigation of energy-intense industries:

- Manufacture of equipment to produce renewable hydrogen ("Electrolyser equipment")

Nel provides consulting hours to design the concept of renewable hydrogen projects. The income from engineering consulting hours is covered within EU Taxonomy under activity 9.1 *Engineering activities and related technical consultancy dedicated to adaptation to climate change* dedicated to adaptation to climate change:

- Engineering consulting hours ("FEED Concept Studies") dedicated for renewable hydrogen

EU Taxonomy non-eligible
Nel has not assessed whether related revenue to equipment sales is eligible within economic activity 3.2, therefore, reported as non-eligible in 2024.

- Framework termination fee

- Technology licence agreement

Turnover numerator
The turnover numerator has been determined excluding non-operational activities listed as eligible by the EU Taxonomy. For the reporting period ended as of 31 December 2024, Nel scoped out income from government grants for technology research and development, research study papers and other income totalling NOK 105 million.

Proportion of turnover from products or services associated with taxonomy-aligned economic activities

	Code(s)	Absolute turnover	Proportion of turnover	SUBSTANTIAL CONTRIBUTION CRITERIA: Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	DNSH CRITERIA: Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimal safe-guards	Taxonomy aligned proportion of tunover	Category (enabling activity)
		mNOK	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Percent	E
A: TAXONOMY-ELIGIBLE ACTIVITIES																		
A.1 Environmentally sustainable activities (Taxonomy-aligned)																		
3.2 Manufacture of equipment for production and use of green hydrogen		1 194 139 994	85,9%	100%	-	-	-	-	-	Y	Y	Y	Y	Y	Y	Y	85,9%	E
9.1 FEED Concept Studies		63 013 991	4,5%														4,5%	E
Total turnover of Taxonomy-eligible activities		1 257 153 985	90,4%														90,4%	90,4%
B. TAXONOMY NON-ELIGIBLE ACTIVITIES																		
Turnover of Taxonomy-noneligible activities (B)		132 755 015	9,6%															
Total (A+B)		1 389 909 000	100 %															

Capital expenditure (CapEx) and operating expenditure (OpEx)
The EU Taxonomy defines the methods for calculating Taxonomy-aligned proportions (KPIs). By analogy, Nel allocates capital and operating expenditure that can be aligned with EU taxonomy aligned with sales of the activity or represent individual capital expenditure that is not associated with an activity intended to be marketed under the delegated regulation of the EU Taxonomy.

Operating expenditure (OpEx)
The denominator for operating expenditure is determined with nominal value of the IFRS expenses for research and development incurred on development of technologies aligned with the EU Taxonomy, or expenses for building renovation, short-term lease, maintenance and repair, and any other direct expenditures relating to the day-to-day servicing of assets of property, plant and equipment to ensure the continued and effective functioning of such assets. This approach scopes out of the analysis expenditures directly related to the sale of equipment or services and depreciation of assets to avoid double counting of expenses incurred to generate income or from expenditure previously reported within the capital expenditure KPI.

The numerator for operating expenditure includes expenditure related to assets or processes associated with Taxonomy-aligned economic activities, including training and other human resources adaptation needs, and research and development expenditure not capitalizable under the IFRS requirements. Nel does not include in the numerator corporate expenses directly linked to sales of equipment or services, administrative activities, corporate expenses, travelling expenses or meals and entertainment. Although these expenditures have indirect contribution to the development of technologies and income eligible in accordance with the EU Taxonomy, Nel understands that these expenditures may not be allocated to specific assets as the benefits from administrative efforts are seen pervasively in the business.

Proportion of OpEx from products or services associated with taxonomy-aligned economic activities

				SUBSTANTIAL CONTRIBUTION CRITERIA						DNHS CRITERIA								
	Code(s)	Absolute OpEx	Proportion of OpEx	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimal safeguards	Taxonomy aligned proportion of tunover	Category (enabling activities)
		mNOK	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Percent	E
A: TAXONOMY-ELIGIBLE ACTIVITIES																		
A.1 Environmentally sustainable activities (Taxonomy-aligned)																		
3.2 Manufacture of equipment for the production and use of hydrogen		236 484 949	52 %	100 %	-	-	-	-	-	Y	Y	Y	Y	Y	Y	Y	52 %	E
9.1 FEED Concept Studies		25 576 179	6 %	100 %	-	-	-	-	-	Y	Y	Y	Y	Y	Y	Y	6 %	E
Total OpEx of Taxonomy-eligible activities		262 061 128	58 %														58 %	58 %
B. TAXONOMY NON-ELIGIBLE ACTIVITIES																		
OpEx of Taxonomy-noneligible activities (B)		191 925 089	42 %															
Total (A+B)		**453 986 217**	**100 %**															

[1] **Front-end Engineering Studies for Hydrogen plant projects**

Capital expenditure (CapEx)
The denominator of the Capital Expenditure KPI covers additions to Property, Plant and Equipment and intangible assets (including internally generated intangible assets) during the financial year considered before depreciation, amortisation revaluations and impairments. The denominator includes increases in right-of-use assets for leases accounted for in accordance with IFRS 16. The denominator covers additions to tangible and intangible assets resulting from business combinations. The additions should reconcile to intangible assets in note 3.1, property, plant and equipment in note 3.2 and right-of-use assets in note 3.3.

The numerator of the Capital Expenditure KPI equals the capital expenditure included in the denominator that is related to assets or processes associated with economic activities aligned with the EU Taxonomy. The numerator includes capitalised development expenditures disbursed on Nel's taxonomy eligible activities, such as purchase of production tools and manufacturing equipment for expansion of production capacity in Herøya, Norway and Wallingford, United States, and costs capitalised for development and quality enhancement of product related technologies.

.

Proportion of CapEx from products or services associated with taxonomy-aligned economic activities

				SUBSTANTIAL CONTRIBUTION CRITERIA						DNHS CRITERIA								
	Code(s)	Absolute CapEx	Proportion of CapEx	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimal safeguards	Taxonomy aligned proportion of tunover	Category (enabling activities)
		mNOK	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Percent	E
A: TAXONOMY-ELIGIBLE ACTIVITIES																		
A.1 Environmentally sustainable activities (Taxonomy-aligned)																		
3.2 Manufacture of equipment for the production and use of hydrogen		645 437 076	96 %	100 %	-	-	-	-	-	Y	Y	Y	Y	Y	Y	Y	96 %	E
Total CapEx of Taxonomy-eligible activities		645 437 076	96 %														96 %	96 %
B. TAXONOMY NON-ELIGIBLE ACTIVITIES																		
CapEx of Taxonomy-noneligible activities (B)		30 302 924	4 %															
Total (A+B)		675 740 000	100 %															

RESPONSIBILITY STATEMENT

We confirm that, to the best of our knowledge, the financial statements for the period from 1 January 2024, up to and including 31 December 2024, have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and profit or loss of the company, and that the directors' report includes a fair review of the development and performance of the business and the position of the company as a whole together with a description of the principal risks and uncertainties the company faces.

OSLO, 25 FEBRUARY 2025

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

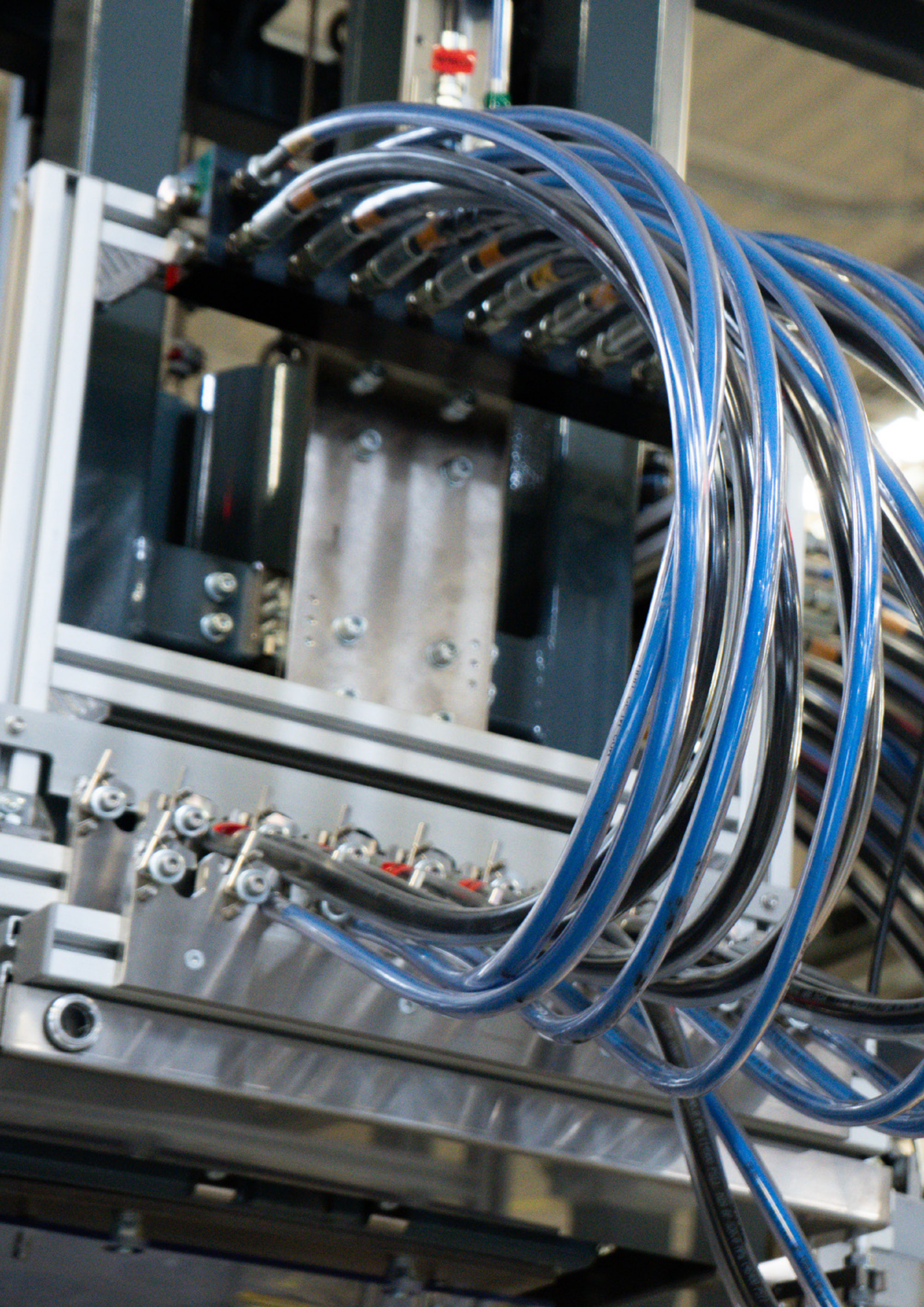
(Electronically signed)

Tom Røtjer
Board member

(Electronically signed)

Jens Bjørn Staff
Board member
(Electronically signed)

Håkon Volldal
CEO
(Electronically signed)



5 Board of Directors' report in relation to the Norwegian Code of practice for corporate governance

1. Report on corporate governance

The Board of Directors (also, the board) and management of Nel are committed to maintaining high ethical standards and promoting good corporate governance. The company believes that good corporate governance builds confidence among shareholders, employees, partners, customers, and other stakeholders, and thereby supports maximum value creation over time. The equal treatment of all shareholders lies at the heart of the company's corporate governance policy.

Nel's Corporate Governance Report is based on the Norwegian Code of Practice for Corporate Governance ("the code" from NUES), dated 17 October 2018 and its amendments. The code is available on www.nues.no

Observance of the recommendations is based on the "comply or explain" principle. Nel's board and management have resolved to follow the recommendations of the Code to the extent deemed reasonable in view of the company's size and stage of development.

2. Business

Nel ASA's business purpose is defined in the company's Articles of Association, section 3: "The Company's business is to conduct business, invest in and/or own rights in production and sale of hydrogen plants, hydrogen fueling stations, or other related areas."

Nel is a leading pure play hydrogen technology company with a global footprint, developing optimal solutions to produce, store and distribute hydrogen from renewable energy. Our hydrogen solutions cover important parts of the value chain: enabling decarbonization of industries such as cement, steel and fertilizer production, while also providing fuel cell electric vehicles with the same fast fueling and long driving range as fossil-fuelled vehicles - without any emissions. Nel is committed to create value for shareholders in a sustainable manner.

3. Capital and dividend

The company's registered share capital as of 31 December 2024 consisted of 1 671 325 304 shares, including both outstanding shares and treasury shares, with a par value of NOK 0.20 per share.

The company has in place a shareholder return policy. The distribution of dividends and repurchase of shares are subject to the discretion of the Board of Directors at Nel ASA. Nel ASA is currently in a growth phase, with substantial investments directed towards capacity expansions and organizational development. Considering the company's state, shareholder returns in the form of dividends or share buy-backs are currently not prioritized.

4. Equal treatment of shareholders and transactions with related parties

All shares in Nel carry one vote, and the shares are freely transferable. The company has only one share class, and all shareholders have equal rights. Existing shareholders are given priority in the event of share capital increases unless special circumstances warrant deviation from this principle.

At the annual general meeting on 23 April 2024, the board was granted authorisation to increase the share capital with up to NOK 33 426 506 through one or several capital increases. In addition, a separate authorisation to increase the share capital of up to NOK 3 342 651 for issue of shares in connection with incentive programs for employees. The board has also been granted authorisation to acquire shares in Nel on behalf of the company, for a total nominal value not exceeding 9% of the share capital at any given time.

Transactions between the company and related parties, including members of the board or persons employed by the company either personally or through companies belonging to related parties, must be based on terms achievable in an open, free and independent market, or on a third-party valuation.

Major transactions with related parties must be approved by the general meeting.

5. Free transferability

The company's shares are listed on the Oslo Stock Exchange under the ticker "NEL" and are freely transferable. The Articles of Association contain no restrictions on transferability.

6. General meeting

Shareholders can exercise their rights at general meetings, and the company wants general meetings to be a meeting place for shareholders and the board. The company will seek to enable as many shareholders as possible to participate in general meetings. Meeting documents will be published on the company's website no later than 21 days before a general meeting. The company endeavours to ensure that meeting documents are sufficiently detailed to enable shareholders to take a view on all matters to be considered. The deadline for notifying attendance at a general meeting is set as close to the meeting as possible.

Shareholders who are unable to participate themselves may vote by proxy. The proxy form will be designed so that it can be used to vote on all matters up for consideration, and on candidates for election.

In 2024, the annual general meeting was held on 23 April and 11.84 percent of the total share capital was represented. The annual general meeting was conducted digitally, with a live webcast and electronic voting on each item.

The company encourages board members and nomination committee to attend general meetings. The external auditors are also invited to attend.

In accordance with the articles of association, general meetings are chaired by the board chair if no-one else is elected to do so. Minutes of general meetings are published in the form of stock exchange notifications and on the company's website.

7. Nomination committee

In accordance with Nel's articles of association, the general meeting shall establish a nomination committee comprising of three to five members. These must be shareholders or representatives of shareholders. The nomination committee evaluates and proposes board members to the general meeting and makes recommendations on director remuneration. No board members or representatives of company management are members of the nomination committee. Nomination committee members are elected for a one-year term. At the general meeting on 23 April 2024, the following persons were elected to the nomination committee and serve until the 2025 annual general meeting:

- Eivind Sars Veddeng, chair
- Mai-Lill Ibsen, member
- Andreas Poole, member
- Nanna Sjaastad, member

8. Board composition and independence

The board members and chair of the board are elected by the general meeting. The board's composition is designed both to represent the interests of all shareholders and meet the company's need for expertise, capacity, and balanced decision-making. The board should function as an effective collegiate body.

The board is elected for a one-year term, and board members may stand for re-election. The CEO is not a member of the board. According to its articles of association, Nel's board must have between four and seven members.

At the annual general meeting 23 April 2024, Ole Enger, chair of the board, Hanne Blume, Beatriz Malo de Molina, Charlotta Falvin, Tom Røtjer, Arvid Moss and Jens Bjørn Staff were all re-elected to the board.

Each of the board members are considered independent from the company's day-to-day management. The board is qualified to assess the day-to-day management and significant contracts entered into by the company on an independent basis.

See also note 7.4 (group) and note 12 (parent company) for transactions with related parties.

9. The work of the Board

A plan for the boards' work is prepared every year. The board has also adopted instructions for the board and CEO, detailing the work and responsibilities of the board and CEO, respectively. The board ensures the company's business is properly organised and that plans and budgets are prepared. The board's plans and rules of procedure ensure the board is kept informed of the company's financial position and that the business, asset management, and accounts are subject to controls.

Nel's Code of Conduct includes guidelines for how conflicts of interests that may arise should be handled with. The code applies to all members of the board and employees of Nel. The board are not aware of any transactions that were material between the group and its shareholders, board members, executive management or related parties in 2024, save any listed under item 8 independence.

The chair of the board ensures the proper functioning of the board. The chair of the board leads the board meetings and prepares board matters in cooperation with the CEO. The CFO keeps minutes of board meetings, which are approved and signed by all board members. In addition to ordinary board meetings, annual strategy meetings are held, devoted to the in-depth assessment of major challenges and opportunities for the company. The board manages the company's strategic planning and assesses its strategy regularly.

The board evaluates its composition and the board work at least once per year. The evaluation may also cover the way in which the board functions, at both individual and group level, in relation to the objectives that have been set for its work. The evaluation reports are presented to the nomination committee.

In 2024, the board conducted 12 board meetings with 100% meeting attendance. The meetings were held at group headquarters in Oslo, one meeting at the Norwegian subsidiary and/or virtual meetings due to travel convenience, and also treated a number of issues by circulation of documents.

The company has an audit committee consisting of 2 members from the board, which is governed by the Norwegian Public Limited Liability Companies Act. The audit committee assist the board in exercising its oversight responsibility with respect to the integrity of the company's financial statements, financial reporting processes and internal controls, risk management, compliance system and the company's environmental, social and governance ("ESG") reporting. With the broader mandate, the committee is referred to as Board Audit, Risk and Sustainability Committee. The members of the audit committee are appointed by and from the members of the board, and currently consist of Beatriz Malo de Molina as chair and Charlotta Falvin as member. Current members are independent of the company's management. The audit committee conducted 7 meetings with 100% meeting attendance in 2024.

The company has a remuneration committee, which consist of 2 members from the board. The committee shall assist the board in exercising its oversight responsibility, in particular to compensation matters pertaining to the CEO and other members of the executive management, compensation issues of principal importance and strategic people process in the company, in particular related to succession, recruitment, talent and diversity and inclusion. The committee currently consist of Hanne Blume as chair and Ole Enger as member. The committee has held 4 meeting with 100% meeting attendance in 2024. The committee was also involved in discussions related to the recruitment of strategic positions for Nel and key organisational adjustments through the year.

10. Risk management and internal controls

Risk management and internal controls are important to Nel. They enable the company to achieve its strategic objectives, and are an integral part of management decision-making processes, the organisational structure, and internal procedures and systems.

Nel's enterprise risk management process is value driven and aims to identify, assess and manage risk factors that could impact the value of the company. The process is to mitigate potential damages and loss, and to explore business opportunities.

The enterprise risk management function has the responsibility to facilitate the legal and operational risk management activities and develop risk policies and tools as well as maintaining an aggregated view of risk exposure. The function reports to the CFO, with active involvement by Nel's General Counsel.

Risk management and internal control requirements have been evaluated by management and the board, and a set of appropriate procedures and our established framework is inspired by the Committee of Sponsoring Organisations of the Treadway Commission (COSO) ERM framework and the ISO 31000 risk management standard. The materiality of each risk factor is determined by assessing the likelihood and consequence. Risks are evaluated to determine whether the level is acceptable or unacceptable and to prioritise those that have the greatest potential to impact our value. We implement mitigating strategies to ensure that each risk is optimally managed. Risk mitigation plans are based on evaluations of the cost of control and potential impacts relative to the benefits of reducing the risk. The operating segments are responsible to maintain business continuity plans. The post-mitigation residual risks are continually monitored by the operating segments. The mitigation strategies, residual risks and risk appetite are reviewed and updated by the executive management during bi-yearly dedicated business review meetings. The board believes that expressing the company's risk appetite within important areas of its business activity helps to convey how the company approaches and evaluates risk to investors, customers and society at large. The audit committee performs ongoing evaluations of the Company's Enterprise Risk Management process.

In this context, emphasis is also given to ensuring that the company operates in accordance with accepted ethical guidelines and values, including guidelines on how employees can communicate matters relating to illegal or unethical behaviour on the company's part to the board. Nel believes that its values and control procedures meet requirements found within the environmental, social, and governance domain, and are proportionate to the scope and nature of its business.

Nel's regular business activities entail exposure to various types of risk. The company proactively manages such risks, and the board regularly analyses its operations and potential risk factors and takes steps to reduce risk exposure. Nel places a strong emphasis on quality assurance, and has quality systems implemented, or under implementation, in line with the requirements applicable to its business operations.

The full range of risk factors is discussed in more detail in the notes 6.1-6.4 to the annual accounts.

The company's financial reporting complies with the laws and regulations applicable to companies listed on the Oslo Stock Exchange. The board reviews the company's financial position frequently through reporting and reviews at board meetings and reviews the financial statements at the end of every quarter. At least once per year, the board assesses the company's risk profile by reference to strategic, operational, and transactional factors.

As a listed company, Nel has a special responsibility relating to the insider trading rules, the provision of information, and share trading. The company has guidelines to ensure board members, senior management, and other insiders comply with relevant legislation and rules relating to insider trading in the company's shares.

11. Board remuneration

Nel's general meeting determines the remuneration of the board based on a recommendation by the nomination committee. Board remuneration must reflect the board's expertise and time investment, as well as the complexity of the business and the fact that Nel is a listed company. Remuneration takes the form of a fixed annual amount and is not tied to the company's performance or share price.

An assessment regarding the independence of the directors and chair of the board is set out in section 8 above.

The board remuneration for 2024 is outlined in note 7.4 to the annual accounts.

12. Remuneration of senior management

The board prepares guidelines on the remuneration of the company's senior management. These guidelines, as well as details of the remuneration packages and incentive schemes of the CEO and other senior executives, are set out in the note 7.2 to the annual accounts.

The guidelines on the remuneration of senior management must be submitted to the general meeting. The remuneration policy was approved by the shareholders at the general meeting held in 2021. The board considers that the remuneration paid to senior management reflects market practice and that the remuneration packages do not include any unreasonable terms, for example in connection with resignation or termination of employment.

In accordance with section 6-16b of the Norwegian Public Limited Liability Companies Act, the board has prepared a report on salary and other remuneration to the executive management. The remuneration report for 2024 will be presented to the general meeting in 2025 for an advisory vote. The remuneration report will become available during March 2025, on **www.nelhydrogen.com**.

The shareholdings of executive management are outlined in note 7.2 (group).

13. Information and communication

The company publishes a financial calendar on an annual basis, which includes the dates of general meetings and dates for the presentation of interim reports. Presentation of the quarterly reports are broadcasted through webcasts. Press releases and stock exchange notifications are typically posted on the company's website, www.nelhydrogen.com. All stock exchange notifications are also available at www.newsweb.no.

The company complies with all applicable disclosure laws and practice, including equal treatment requirements. The ability to provide information about the company in addition to published reports is restricted under stock exchange regulations. Inside information is only released to persons other than primary insiders when the company considers it necessary, and then only in accordance with a system of insider declarations and insider lists. The insider lists are maintained by the CFO.

Notice to general meetings of shareholders is sent directly to shareholders with known addresses unless they have consented to receive these documents electronically. All information sent to the shareholders is made available on www.nelhydrogen.com when distributed.

Nel wishes to maintain a constructive, open dialogue with its shareholders, analysts, and the stock market in general. The company holds regular presentations for investors, analysts, and shareholders. The company's CEO is responsible for external communication and investor relations. The CEO and chair of the board are both authorised to speak on behalf of the company and may delegate their authority in this regard as they consider appropriate.

14. Company takeovers

In the event of a takeover situation, the company's board and management will endeavour to ensure the equal treatment of shareholders. The board will ensure that shareholders are given information and time to evaluate any bona fide bid and will endeavour to provide a recommendation to shareholders as to whether or not the bid should be accepted. The board and management will help ensure that there are no unnecessary disruptions to the business in the event of a takeover. Moreover, such a situation will be governed by the provisions applicable to listed companies.

15. Auditor

The external auditor attends the board meeting at which the annual financial statements are approved. As part of the approval, the board should at least once a year review the company's internal control procedures with the external auditor, including weaknesses identified by the auditor and proposals for improvement. The external auditor participates in all meetings of the audit committee. The auditor presents an annual audit plan to the audit committee.

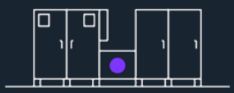
The board has adopted guidelines on management's use of the auditor for services other than auditing. The Public Audit Act entered into force on January 1, 2021. Extended tasks including purchase of non-audit services and follow-up of the external auditor are considered by the audit committee. Non-audit services are subject to pre-approval as defined by the audit committee. The fee payable to the auditor is specified in note 7.3 to the annual accounts and is categorised under the items statutory audit, attestation and non-auditing services. The board submits proposals regarding the fees payable for the statutory audit to the general meeting for approval.

OSLO, 25 FEBRUARY 2025

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)	

6 Consolidated financial statements 2024 Nel group



Consolidated statement of comprehensive income

(Amounts in NOK thousands)

Nel group (01.01-31.12)

	NOTE	2024	2023[1]
Revenue from contracts with customers	2.1, 2.3	1 389 909	1 349 802
Other income	2.2	105 024	77 341
Total revenue and income		1 494 933	1 427 143
Raw materials	2.4	503 976	715 136
Personnel expenses	2.5	645 586	545 660
Depreciation and amortisation	3.1, 3.2	216 486	170 268
Impairment of tangible and intangible assets	3.1, 3.2	0	1 424
Other operating expenses	2.6	518 313	438 175
Total operating expenses		1 884 361	1 870 663
Operating loss		-389 428	-443 520
Finance income	2.7	132 076	173 755
Finance costs	2.7	-6 833	-300 787
Share of profit (loss) from associates and joint ventures	3.4	0	-3 714
Pre-tax income (loss)		-264 185	-574 266
Tax expense (-income)	2.8	-6 554	-8 162
Net income (loss) from continuing operation		-257 631	-566 104
Net income (loss) from discontinued operation	2.0	13 289	-289 092
Net income (loss) attributable to equity holders of the company		-244 342	-855 196
OTHER COMPREHENSIVE INCOME THAT ARE OR MAY SUBSEQUENTLY BE RECLASSIFIED TO PROFIT OR LOSS (NET OF TAX)			
Currency translation differences		92 554	-1 253
Cash flow hedges, effective portion of changes in fair value	6.5	-52 108	-18 504
Cash flow hedges, reclassified	6.5	43 244	34 417
Comprehensive income attributable to equity holders of the company		-160 652	-840 536
Earnings per share (NOK) attributable to Nel shareholders	2.9	-0.15	-0.52
Diluted earnings per share (NOK) attributable to Nel shareholders	2.9	-0.15	-0.52

The accompanying notes are an integral part of the consolidated financial statements.

1 The comparative information is restated due to a discontinued operation, refer to note 2.0 for additional information.

Consolidated statement of financial position as of 31 December

(Amounts in NOK thousands)

		Nel group	
ASSETS	NOTE	2024	2023
NON-CURRENT ASSETS			
Technology	3.1	617 420	631 521
Customer relationship	3.1	0	8 220
Goodwill	3.1	411 753	375 305
Property, plant and equipment	3.2, 3.3	1 664 079	1 305 678
Investments in associates and joint ventures	3.4	100	100
Non-current financial assets	3.5	203 169	159 259
Total non-current assets		2 896 521	2 480 083
CURRENT ASSETS			
Inventories	4.1	531 748	703 990
Trade receivables	4.2	700 679	812 407
Contract assets	2.1	24 155	49 767
Other current assets	4.3	275 529	447 342
Cash and cash equivalents	4.4	1 875 580	3 363 431
Total current assets		3 407 691	5 376 937
TOTAL ASSETS		6 304 212	7 857 020

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated statement of financial position as of 31 December

(Amounts in NOK thousands)

Nel group

EQUITY AND LIABILITIES	NOTE	2024	2023
EQUITY			
Share capital	5.1	334 265	334 265
Treasury shares	5.1	-84	-84
Share premium	5.1	7 598 563	8 661 090
Other capital reserves	5.1	68 647	65 928
Retained earnings	5.1	-3 242 343	-2 998 001
Other components of equity	5.1	218 228	134 538
Total equity		4 977 276	6 197 736
NON-CURRENT LIABILITIES			
Deferred tax liabilities	2.8	34 813	38 436
Long-term debt	5.2	0	22 458
Lease liabilities	3.3	215 523	199 136
Deferred income	5.3	69 279	66 243
Other non-current liabilities	5.4	5 263	4 860
Total non-current liabilities		324 878	331 133
CURRENT LIABILITIES			
Trade payables		110 742	204 863
Lease liabilities	3.3	44 479	38 067
Contract liabilities	2.1	583 392	715 288
Other current liabilities	5.4	173 795	238 216
Provisions	5.5	89 650	131 717
Total current liabilities		1 002 058	1 328 151
Total liabilities		1 326 936	1 659 284
TOTAL EQUITY AND LIABILITIES		6 304 212	7 857 020

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated statement of cash flows

(Amounts in NOK thousands)

Nel group

	NOTE	2024	2023[1]
CASH FLOWS FROM OPERATING ACTIVITIES			
Pre-tax income (loss)		-264 185	-574 266
Net income (loss) from discontinued operation	2.0	13 289	-289 092
Adjustments for interest expense	2.7	16 481	15 461
Depreciation, amortisation and impairment	3.1, 3.2	216 486	225 785
Change in fair value equity instruments	2.7	2 650	342 213
Equity-settled share-based compensation expense	2.5	2 766	4 030
Change in provisions	5.5	3 044	-21 723
Change in inventories	4.1	-110 057	-199 395
Change in trade receivables and contract balances	2.1, 4.2	84 123	-262 120
Change in trade payables		-68 382	3 119
Changes in other balances	4.3, 5.4	-137 797	86 320
Net cash flow from operating activities		-241 581	-669 668
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	3.2	-534 230	-573 589
Payments for capitalised technology	3.1	-146 076	-166 242
Purchase of other investments	3.5, 4.3	-137 918	-92 219
Investments in associates and joint ventures		0	-973
Proceeds from sales of other investments	3.5, 4.3	236 314	186 211
Net cash flow from investing activities		-581 910	-646 812
CASH FLOWS FROM FINANCING ACTIVITIES			
Interests paid	2.7	-16 481	-15 461
Gross cash flow from share issues	5.1	0	1 609 200
Transaction costs from share issues	5.1	0	-24 696
Dividends paid (spin-off)	2.0	-625 420	-
Payment of lease liabilities	3.3	-23 328	-25 773
Payment of non-current liabilities		-759	-1 533
Net cash flow from financing activities		-665 988	1 541 737
Effect of exchange rate changes on cash		1 628	-376
Net change in cash and cash equivalents		-1 487 851	224 881
Cash balance as of 01.01	4.4	3 363 431	3 138 550
Cash balance as of 31.12	4.4	1 875 580	3 363 431

The accompanying notes are an integral part of the consolidated financial statements.

1 2023 has not been restated while Consolidated statement of comprehensive income has been restated due to a discontinued operation, refer to note 2.0 for additional information.

Consolidated statement of changes in equity

(Amounts in NOK thousands)

Nel group

	SHARE CAPITAL	TREASURY SHARES	SHARE PREMIUM	OTHER RESERVE	RETAINED-EARNINGS	CURRENCY TRANSLATION DIFFERENCE	HEDGING RESERVE	TOTAL EQUITY
Equity as of 31.12.2022	312 665	-84	7 098 186	61 768	-2 142 805	128 512	-8 634	5 449 608
Total comprehensive income					-855 196	-1 253	15 913	-840 536
Increase of capital 2023	21 600		1 562 904					1 584 504
Options and share program				4 160				4 160
Equity as of 31.12.2023	334 265	-84	8 661 090	65 928	-2 998 001	127 259	7 279	6 197 736
Total comprehensive income					-244 342	92 554	-8 864	-160 652
Increase of capital 2024								0
Options and share program				2 719				2 719
Distribution of shares in Cavendish Hydrogen ASA (Note 2.0)			-1 062 527					-1 062 527
Equity as of 31.12.2024	334 265	-84	7 598 563	68 647	-3 242 343	219 813	-1 585	4 977 276

OSLO, 25 FEBRUARY 2025

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)

Notes to the consolidated financial statements

1.1 Corporate information

Nel ASA (Nel) is a global, dedicated hydrogen company, delivering optimal solutions to produce, store and distribute hydrogen from renewable energy. The company is domiciled in Norway. The company specializes in electrolyser technology for production of renewable hydrogen. Nel's product offerings are key enablers for a renewable hydrogen economy, making it possible to decarbonize various industries such as transportation, refining, steel, and ammonia.

The group has two divisions: Nel Alkaline Electrolyser and Nel PEM Electrolyser.

The ultimate parent of the group Nel ASA (org. no 979 938 799) was formed in 1998, incorporated in Norway. Nel ASA is a Norwegian public limited liability company listed on the Oslo Stock Exchange. The group's head office is in Karenslyst allé 49, N-0279 Oslo, Norway.

1.2 Basis of preparation

The group's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU).

Accounts are based on the principle of historical cost, except for certain financial instruments, which are measured at fair value.

The consolidated financial statements are presented in Norwegian kroner (NOK). The functional currency of Nel ASA is NOK.

All values are rounded to the nearest thousand, unless when indicated otherwise. As a result of rounding differences numbers or percentages may not add up to the total. The financial statements are prepared based on a going concern assumption.

The consolidated financial statements were approved by the Board of Directors and the Chief Executive Officer on February 25, 2025.

DEFINITION AND APPLYING OF MATERIALITY JUDGEMENTS IN PREPARATION OF THESE CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements aim to provide useful financial information which increase the understandability of Nel and its performance. To meet the information needs of its primary users, Nel apply materi¬ality judgments which are necessary to meet this objective, and Nel has made such judgments related to recognition, measurement, presentation and disclosures. Within these consolidated financial statements information is considered material if omitting, misstating or obscuring it could reasonably be expected to influence decisions taken by primary users based on the information provided. In practice this will lead to Nel omitting certain information if it is assessed it will obscure the material information. The materiality judgments are reassessed at each reporting date and updated based on changed facts and Nel specific circumstances.

BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the parent company and its subsidiaries as of 31 December 2024. Consolidation of a subsidiary begins when the group obtains control over the subsidiary and ceases when the group loses control of the subsidiary. Control is achieved if, and only if, the group has power over the investee, is exposed to, or has rights to, variable returns from its involvement with the investee, and has the ability to affect those returns through its power over the investee.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the group has less than a majority of the voting or similar rights of an investee, the group considers all relevant facts and circumstances in assessing whether it has power over an investee, including: i) The contractual arrangement with the other vote holders of the investee, ii) Rights arising from other contractual arrangements and iii) The group's voting rights and potential voting rights.

The group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the group gains control until the date the group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the group. There are no non-controlling interests in the Group as all subsidiaries are 100 % owned. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the group are fully eliminated upon consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities and other components of equity while any transaction gain or loss is recognised in the statement of comprehensive income.

FOREIGN EXCHANGE AND CURRENCY

Transactions and balances

Transactions in foreign currencies are converted to functional currency to the exchange rate on the transaction date. Exchange rate gains and losses are recognised within 'finance cost' in the profit or loss. Foreign currency monetary items are translated into functional currency using the balance sheet closing rates. Non-monetary items that are measured in terms of historical cost in a foreign currency continue to be translated using the exchange rate that prevailed at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates that prevailed at the date when the fair value was measured.

All foreign currency translations are recognised in profit or loss as finance cost except for foreign currency translations where a hedging relationship exists, and hedge accounting has been applied. Additional information is provided in note 6.2 and 6.5.

Consolidation of subsidiaries

The individual financial statements of a subsidiary are prepared in the subsidiary's functional currency. In preparing the consolidated financial statements, the statement of comprehensive income items from the subsidiaries are converted to NOK using the respective monthly average exchange rates, while statement of financial position items is converted using the rate at year-end. Exchange rate gains and losses are recognised net within Other comprehensive income and accumulated in Currency translation differences in 'Other components of equity'.

STATEMENT OF COMPREHENSIVE INCOME

The Group present a single statement of 'Consolidated statement of comprehensive income' which comprise all components of profit or loss, OCI and the comprehensive income for the period.

STATEMENT OF CASH FLOWS

The Group uses the indirect method for the presentation of the cash flow statement.

1.3 Significant accounting policies

Accounting policies and estimate uncertainty are largely incorporated into the individual notes.

Table of contents for where the significant policies are elaborated.

Revenue from contracts with customers	2.1
Research and development	3.1
Goodwill	3.1
Property, plant and equipment	3.2
Leases	3.3
Investment in associates and joint ventures	3.4
Inventories	4.1
Trade receivables	4.2
Impairment of non-derivative financial assets	4.4
Government grants	5.3
Provisions	5.5
Derivative financial instruments and hedge accounting	6.5

1.4 Changes in accounting policies

A few amendments to IFRS have been issued and effective January 1, 2024. These are implemented for the first time in the current year:

Amendments to IFRS 16 Leases— Lease liability in a sale-and-leaseback

The amendments to IFRS 16 require a seller-lessee to account for variable lease payments that arise in a sale-and-leaseback transaction. Seller-lessees are required to reassess and potentially restate sale-and-leaseback transactions entered into since the implementation of IFRS 16 in 2019.

The adoption of the amendments to IFRS 16 did not have any material impact in the group consolidated financial statements.

Amendments to IAS 1 Presentation of Financial Statements — Classification of liabilities as current or non-current and non-current liabilities with covenants

The group has adopted the amendments to IAS 1 for the first time in the current year. The group does not have any liabilities with covenants and therefore, the adoption of this definition did not have any material impact in the group consolidated financial statements.

Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial instruments: Disclosures — Supplier Finance Arrangements

The group has no supplier finance arrangements and therefore, the amendments to IAS 7 and IFRS 7 did not have any material impact in the group consolidation financial statements.

1.5 Significant accounting judgements and estimation uncertainty

The preparation of financial statements requires management to make judgements and estimates that influence amounts recognised in certain accounts for assets, liabilities, income and expenses. The actual results may deviate from such assumptions. Estimates and underlying assumptions are subject to continuous assessment.

JUDGEMENTS

The following are Nel's accounting policies that involves significant judgement and complexity which have most significant effect on the amounts recognised in the consolidated financial statements, including reference to where it is discussed:

Revenue recognition	2.1
Deferred tax assets	2.8
Development costs	3.1
Leases	3.3

ASSUMPTIONS AND ESTIMATION UNCERTAINTY

Revenue recognition	2.1
Share-based payments	2.5
Impairment of goodwill and intangible assets	3.1

2.0 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 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)

	01.01.-07.06.2024	FULL YEAR 2023
REVENUE AND INCOME		
Revenue from contracts with customers	157 220	331 269
Other income	2 084	14 664
Total revenue and income	159 304	345 933
OPERATING EXPENSES		
Raw materials	73 048	141 788
Personnel expenses	107 605	275 643
Depreciation, amortisation and impairment	23 884	54 094
Other operating expenses	84 854	130 391
Total operating expenses	289 391	601 916
Operating loss	-130 087	-255 983
Finance income	2 590	1 750
Finance cost	-3 685	-44 036
Share of loss from associates and joint ventures	0	0
Net financial items	-1 095	-42 286
Pre-tax income (loss)	-131 182	-298 269
Tax expense (income)	-280	-9 177
Results of discontinued operation, net of tax	-130 902	-289 092
Reclassification of foreign currency translation reserve	51 337	0
Gain related to distribution of discontinued operation	92 854	0
Net income (loss) from discontinued operation	13 289	-289 092

CASH FLOWS FROM/(USED IN) DISCONTINUED OPERATION

(Amounts in NOK thousands)

	2024	2023
CASH FLOW FROM OPERATING ACTIVITIES		
Continuing operation	-82 836	-463 931
Discontinued operation	-158 745	-205 737
Net cash flow from operating activities	-241 581	-669 668
CASH FLOW FROM INVESTING ACTIVITIES		
Continuing operation	-548 205	-597 734
Discontinued operation	-33 705	-49 078
Net cash flow from investing activities	-581 910	-646 812
CASH FLOW FROM FINANCING ACTIVITIES		
Continuing operation	-37 109	1 548 962
Discontinued operation	-3 459	-7 225
Dividends paid (spin-off)	-625 420	0
Net cash flow from financing activities	-665 988	1 541 737
NET CHANGE IN CASH AND CASH EQUIVALENTS		
Continuing operation	-666 521	486 921
Discontinued operation	-195 910	-262 040
Dividends paid (spin-off)	-625 420	0
Net change in cash and cash equivalents	-1 487 851	224 881

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

EFFECT OF DISTRIBUTION OF THE FINANCIAL POSITION AT THE DATE OF DISTRIBUTION

(Amounts in NOK thousands)

	7 JUNE 2024
ASSETS	
Technology	-114 598
Customer relationship	-364
Property, plant and equipment	-131 180
Non-current financial assets	-11 736
Inventories	-248 292
Trade receivables	-78 231
Contract assets	-2 311
Other current assets	-38 706
LIABILITIES	
Deferred tax liabilities	721
Long-term debt	22 543
Non-current lease liabilities	5 501
Non-current deferred income	14 352
Trade payables	13 394
Current lease liabilities	4 467
Current contract liabilities	125 570
Other current liabilities	42 494
Provisions	52 121
Net assets and liabilities	-344 253
Cash distributed	-625 420
Equity impact	-969 673
Fair value dividend adjustment	92 854
Fair value dividend paid	1 062 527

ALTERNATIVE PERFORMANCE MEASURES (APMS) FROM DISCONTINUED OPERATION

(Amounts in NOK thousands)

	2023
Order intake	289 696
Order backlog	364 205
EBITDA	-201 890

EFFECT OF DISTRIBUTION OF THE FINANCIAL POSITION OPENING BALANCE 2024

(Amounts in NOK thousands)

ASSETS	2023
Non-current assets	
Technology	97 605
Property, plant and equipment	133 541
Non-current financial assets	11 637
Total non-current assets	242 783
Current assets	
Inventories	282 299
Trade receivables	80 777
Contract assets	10 325
Receivables group	72 521
Other current assets	29 742
Cash and cash equivalents	92 648
Total current assets	568 311
TOTAL ASSETS	811 094

EQUITY AND LIABILITIES	
Equity	
Share capital	45 666
Share premium	1 728 013
Other capital reserves	35 605
Retained earnings OB	(1 247 994)
Retained earnings YTD	(302 000)
TOTAL EQUITY	259 289
Non-current liabilities	
Deferred tax liabilities	1 152
Long-term debt	22 458
Long term debt group	154 768
Non current lease liabilities	6 742
Non current deferred income	15 642
Other non-current liabilities	144
Total non-current liabilities	200 907
Current liabilities	
Trade payables	25 739
Short term liabilities group	87 935
Current lease liabilities	4 951
Current contract liabilities	169 781
Other current liabilities	17 381
Provisions	45 111
Total current liabilities	350 898
TOTAL LIABILITIES	551 806
TOTAL EQUITY AND LIABILITIES	811 094

2.1 Revenue from contracts with customers

The revenue in Nel is from sale of hydrogen electrolyser equipment including installation, commissioning, and long-term service agreements. Additionally, Nel earns revenue from replacement parts and accessories in the aftermarket, and from engineering studies. Project execution is key in Nel's large construction projects.

The group's revenues result from the sale of goods or services and reflect the consideration to which the group is and expect to be entitled. IFRS 15 requires the group to assess revenue recognition based on a five-step model. For its customer contracts, the group identifies the performance obligations (goods or services), determines the transaction price, allocates the contract transaction price to the performance obligations, and recognises the revenue when (or as) the performance obligations are satisfied.

Revenue recognition is determined on a contract-by-contract basis by determining the terms and performance obligations given in a specific contract. Based on the specific contract and its obligations, revenue under IFRS 15 is either recognised at a point in time or over time, 31% (35%) and 69% (65%) of revenue in 2024 (2023), respectively. Revenue is recognised over-time using the method that best depicts the pattern of the transfer of control over time. The method applied is the cost-to-cost input method, adjusted as time and goods are delivered to the customer. Contract costs are expensed as incurred.

Revenue this year include NOK 54 million from renegotiation of the Nikola supply agreement, and a milestone was reached on the technology licensing agreement. Both which had no expenses direct raw material expenses.

Significant accounting judgements – revenue recognition

The Group applied the following judgements that significantly affect the determination of the timing of revenue from contracts with customers:

Performance obligations

In determining whether revenue from a specific contract can be classified as customised and in turn recognised using a progress-based measurement, several criteria must be evaluated. The first criterion is related to alternative use. Manufacturing a customised product or piece of equipment for a specific customer that would require significant cost to modify to be able to transfer it to another customer, then the contract would likely meet the criteria of no alternative use.

The other important criterion is that an enforceable right to payment exists in the contract between the group and the customer. Right to payment entails that the group has a right to receive payment from the customer if the contract would be terminated. Upon termination at a certain time, the group should be able to recover costs incurred and a reasonable margin.

Determining whether revenue from a contract should be recognised over time or at point in time could have a significant effect on the financial statements and is to some extent dependent upon judgements from management.

Estimation uncertainty – revenue recognition

The Group applied the following estimations that significantly affect the determination of the i) timing and ii) amount of revenue from contracts with customers:

i) Timing

Total contract costs
In a customised customer project, Nel uses cost-to-cost input method when measuring progress; thus, the total cost estimates can significantly impact measured progress and revenue recognition. The total project cost comprises estimates on the ability to execute the planned engineering and design phase, the availability of skilled resources, performance of subcontractors, commodity prices, foreign currency and Nel's manufacturing capacity, productivity and quality.

ii) Amount

Liquidated damages (LDs)
LDs are pre-defined penalties for breaches of contract. LDs are most commonly used with respect to delay. As the payment to the customer is not in exchange for a distinct good or service that transfers to Nel, LD's must be accounted for as a reduction of revenue. If a project does not meet the defined milestone in a contract, a provision reducing the transaction price is made unless it is highly probable that LD will not be imposed. The estimated LD provision is highly judgmental. The assessment of the LD provision is based on experience from similar LD situations in addition to client relationship, contractual position and status on negotiations. Nel estimates variable consideration using the most likely amount.

TYPE OF GOODS OR SERVICES

The group generates revenue from customer contracts from two principal sources: i) Equipment and projects and ii) Service and aftermarket. The equipment and projects sales are generated from both standard and customised equipment.

Standard equipment

The group recognises revenue at the point in time at which it satisfies a performance obligation by transferring the control of a good or service to the customer, generally this upon agreed incoterms, which is mainly at shipment. The customer has control of a good or service when it has the ability to direct the use of and obtain substantially all of the remaining benefits from the good or service. If customer acceptance of products is not assured, revenue is recorded only upon formal customer acceptance.

The point in time measurement basis for standard equipment has been the main method of recognising revenue in segment PEM Electrolyser and the aftermarket in the segment Alkaline Electrolyser.

Customised equipment

Most of Nel's revenue stems from standard equipment, however, in certain contracts the customisation required qualifies customised equipment. Customised equipment occurs when Nel is creating a good that it cannot sell to another customer without significant re-work and Nel would incur significant economic losses to direct the asset for another use. Such sale of customised equipment is recognised as revenue over-time if Nel has an enforceable right to payment for performance completed to date.

Projects

The project contracts typically comprise

- equipment (standard product or customised),
- supervision of installation and commissioning of the equipment
- engineering services, sold separately or part of the project

Most projects are determined to be a bundle of goods where all of the components constitute the combined output, i.e. one performance obligation. The performance obligation is satisfied over time and Nel recognise revenue over the period the performance obligation is satisfied, using a cost-to-cost input method that best depicts the pattern of the transfer of control over time. The contracts have mainly firm contract price including clauses for penalties (LDs). Additionally, contracts usually include service agreement and extended warranty for a specific period. Both service and extended warranty are separate performance obligations satisfied over 12 months or more, refer service and aftermarket.

The progress-based measurement of revenue has been the main method of recognising revenue from electrolyser projects of large-scale electrolyser systems.

Service and aftermarket

Service and aftermarket comprise operations and maintenance (O&M), extended warranty, repair, replacement parts and accessories.

For separately sold operating and maintenance contracts where the group has agreed to provide routine maintenance services over a period of time for a fixed price, revenue is recognised on a straight-line basis over the contract period as the stand-ready obligation is time elapsed.

For sales of replacement cell stacks and accessories, revenue is recognised when performance obligation is satisfied, generally upon delivery of the replacement parts and accessories.

The following table show the revenue from contracts with customers by type of goods or service:

	2024			2023		
SEGMENTS	PEM	ALKALINE	TOTAL	PEM	ALKALINE	TOTAL
Type of goods or service						
Equipment and projects	315,593	970,461	1,286,054	424,135	796,282	1,220,417
Service and aftermarket	64,956	38,898	103,855	50,034	79,351	129,385
TOTAL Revenue from contracts with customers	380,549	1,009,360	1,389,909	474,169	875,633	1,349,802
Timing of revenue recognition						
Revenue recognised at point in time	252,419	181,731	434,150	398,801	79,065	477,866
Revenue recognised over time	128,130	827,629	955,759	75,368	796,567	871,935
TOTAL Revenue from contracts with customers	380,549	1,009,360	1,389,909	474,169	875,632	1,349,802

Onerous contracts. In the circumstance that the unavoidable costs directly related to project is expected to exceed the economic benefits expected to be received under the contract, the estimated loss on the contract will be recognised in its entirety in the period when such loss is identified. Additional information for onerous contracts is disclosed in note 5.5 'Provisions'.

CONTRACT BALANCES

Equipment contracts with a customer will have milestone payments with variable structures. The contract price will be invoiced when certain criteria are met. A typical payment structure could be at the milestones; contract acceptance, placement of major supplier purchases, prior to delivery/ shipment of equipment and complete installation and commissioning. The payment structure of the contracts typically results in advance payments and progress billings exceed the satisfaction of performance obligations in progress. Consequently, creating a net contract liability. In certain circumstances based on the order value, credit worthiness of geographic location, the group may require payment in advance of shipment. Expect for performance requirements, agreed liquidated damages and warranty, the group does not accept returns of product or provide customers refunds or other similar concessions.

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional. As of the balance sheet date, the cumulative costs incurred plus recognised profit (less recognised loss) on each contract is compared against the advances and progress billings. Where the cumulative costs incurred plus the recognised profits (less recognised losses) exceed advances and progress billings, the balance is presented as due from customers on construction contracts within "contract assets". When the contract assets become an unconditional right to consideration they are reclassified and presented separately as trade receivables, usually when invoices are issued to the customers.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the group transfers goods or services to the customer, a contract liability is recognised when the payment is made, or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the group performs under the contract. Where advances and progress billings exceed the cumulative costs incurred plus recognised profits (less recognised losses), the balance is presented as due to customers on construction contracts within "contract liabilities".

CONTRACT BALANCES	2024			2023		
	CONTRACT ASSETS	CONTRACT LIABILITIES	TOTAL	CONTRACT ASSETS	CONTRACT LIABILITIES	TOTAL
Rights to consideration on contracts in progress	381 457	-159 913	221 545	382 621	910 532	1 293 153
Less - advances and progress billings	-357 303	-423 480	-780 782	-332 854	-1 625 820	-1 958 674
TOTAL Contract assets (liabilities)	24 155	-583 392		49 767	-715 288	

CONTRACT LIABILITIES	2024	2023
Balance as of 01.01.	-715 288	-672 291
Revenue from amounts included in contract liabilities at the beginning of the period	419 690	492 165
Billings and advances received not recognised as revenue in the period	-460 192	-554 127
Discontinued operation	119 764	0
Basis adjustment - effect of hedge accounting	52 634	18 966
Balance as of 31.12.	-583 392	-715 288

CONTRACT ASSETS	2024	2023
Balance as of 01.01.	49 767	96 322
Transfers from contract assets recognised at the beginning of the period to receivables	-35 778	-84 288
Increases due to measure of progress in the period	22 175	46 747
Revenue recognised in the period from performance obligations satisfied in previous periods	-4 312	-5 793
Discontinued operation	-10 325	0
Revaluation	2 627	-3 221
Balance as of 31.12.	24 155	49 767

Order backlog

The performance obligations in contracts with customers vary from a few months to 4 years. The order backlog as of December 31, 2024, was NOK 1 614 million (2023: NOK 2 093 million). The order backlog in Alkaline and PEM is NOK 1 290 million and NOK 324 million, respectively. Refer to the "Alternative performance measures" section for full definitions of backlog and reconciliations. The transaction price allocated to the remaining performance obligations is illustrated in table below:

AS OF 31.12.2024	2025	2026	2027	2028 OR LATER	TOTAL BACKLOG
Partly unsatisfied performance obligations	484 893	361 123	380 587	66 586	1 292 189
Unsatisfied performance obligations	115 408	0	79 503	126 910	321 821
TOTAL backlog	600 301	361 123	460 090	192 496	1 614 010

AS OF 31.12.2023	2024	2025	2026	2027 OR LATER	TOTAL BACKLOG
Partly unsatisfied performance obligations	1 469 651	363 735	54 748	0	1 888 135
Unsatisfied performance obligations	205 323	0	0	0	205 323
TOTAL backlog	1 674 974	363 735	54 748	0	2 093 458

2.2 Other income

(Amounts in NOK thousands)

OTHER INCOME	2024	2023
Government grants	4 570	2 953
Research and design study reports	93 593	69 891
Insurance compensation	0	4 078
Other income	6 861	419
TOTAL Other income	105 024	77 341

Research and design study reports comprise contracts with Department of Energy in the PEM electrolyser segment. The performance is delivery of research reports and has been assessed as not part of ordinary course of business selling electrolyser equipment. While the income from such services can increase and decrease based on contracts and has been somewhat recurring over several years, it does not have the same characteristics as equipment sale and related services. Therefore, the income is reported as other income.

Government grants within 'other income'

SEGMENT	COUNTRY	2024	2023
Alkaline	Norway	4 570	2 953
TOTAL		4 570	2 953
Government grants related to assets, amortised		4 570	2 953
TOTAL		4 570	2 953

2.3 Segment information

Nel operates within two operating segments, Nel Alkaline Electrolyser and Nel PEM Electrolyser. The identification of segments in the group is made based on the different products the division offers as well as geographical areas the divisions have their production facilities and majority of employees in.

The executive management group is the chief operating decision maker (CODM) and monitors the operating results of its operating segments separately for the purpose of making decisions about resource allocation and performance assessment. During 2024, the former segment Electrolyser has been split into PEM Electrolyser and Alkaline Electrolyser. Although both PEM and Alkaline electrolysers have the same output, their production relies on different inputs and production facilities have lines of production entirely segregated. The disaggregated electrolyser segment is of relevance to the CODM. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements.

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

NEL ALKALINE ELECTROLYSER

The Nel Alkaline Electrolyser division is a global supplier of hydrogen production equipment based on alkaline water electrolysis technology. Nel Alkaline Electrolyser currently has production facilities in Herøya, Norway.

NEL PEM ELECTROLYSER

The Nel PEM Electrolyser division is a global supplier of hydrogen production equipment based on PEM water electrolysis technology. Nel PEM Electrolyser currently has production facilities in Wallingford, Connecticut, USA.

2024	OPERATING SEGMENTS			
REVENUES BY GEOGRAPHIC REGION BASED ON CUSTOMER LOCATION	PEM	ALKALINE	OTHER [1]	TOTAL
Norway	1 983	34 759	0	36 743
United States	155 866	0	0	155 866
North America ex United States	8 245	500 262	0	508 507
Asia	52 935	142 621	0	195 556
Europe ex Norway	95 604	319 380	0	414 984
Middle East	9 771	0	0	9 771
Africa	1 798	6 544	0	8 341
South America	2 136	5 793	0	7 930
Oceania	52 210	0	0	52 210
TOTAL REVENUE FROM CONTRACTS WITH CUSTOMERS	380 549	1 009 360	0	1 389 909
Other operating income	99 655	3 177	2 192	105 024
Operating expenses excluding depreciation, amortisation and impairment	-645 088	-885 865	-136 922	-1 667 875
EBITDA	-164 884	126 672	-134 730	-172 942
Depreciation and amortisation	-99 045	-110 188	-7 253	-216 486
Impairment of tangible and intangible assets	0	0	0	0
OPERATING LOSS	-263 929	16 484	-141 983	-389 428
Finance income	354	775	130 947	132 076
Finance costs	-3 662	-6 572	3 401	-6 833
Share of loss from associates and joint ventures	0	0	0	0
Tax income (expense)	5 861	0	693	6 554
NET INCOME (LOSS)	-261 376	10 687	-6 942	-257 631
TOTAL ASSETS	1 755 003	2 508 284	2 040 925	6 304 212
TOTAL LIABILITIES	404 971	854 859	67 106	1 326 936
Capital expenditures	225 506	421 038		646 544

[1] Other comprises parent company, holding entity, excess values on intangible assets and related depreciation and tax expense (income) derived from the consolidation of the financial statements not allocated to the operating segments.

In 2024, the group recognised revenue from three single customers which individually each is above 10% of total revenues. The amounts recognised from the three customers are NOK 339 million, NOK 145 million and NOK 144 million, all related to delivery of Alkaline Electrolysers.

In 2023, revenue from single customers above 10% of total revenues include NOK 430 million in revenues from a single customer

(Amounts in NOK thousands)

2023	OPERATING SEGMENTS			
REVENUES BY GEOGRAPHIC REGION BASED ON CUSTOMER LOCATION	PEM	ALKALINE	OTHER [1]	CONTINUING OPERATIONS
Norway	7 004	35 575	0	42 579
United States	274 495	469 163	0	743 657
North America ex United States	15 180	0	0	15 180
Asia	83 783	61 625	0	145 408
Europe ex Norway	32 516	296 341	0	328 857
Middle East	45 718	0	0	45 718
Africa	1 271	11 312	0	12 584
South America	7 648	1 616	0	9 264
Oceania	6 555	0	0	6 555
TOTAL REVENUE FROM CONTRACTS WITH CUSTOMERS	474 170	875 632	0	1 349 802
Other operating income	76 398	943	0	77 341
Operating expenses excluding depreciation, amortisation and impairment	-680 338	-905 389	-113 243	-1 698 970
EBITDA	-129 771	-28 814	-113 243	-271 828
Depreciation and amortisation	-90 980	-71 000	-8 288	-170 268
Impairment of tangible and intangible assets	0	-1 424	0	-1 424
OPERATING LOSS	-220 751	-101 238	-121 531	-443 520
Finance income	400	2 945	170 409	173 754
Finance costs	-8 096	-23 943	-268 746	-300 785
Share of loss from associates and joint ventures	0	0	-3 714	-3 714
Tax income (expense)	7 237	0	924	8 161
PRE-TAX INCOME (LOSS)	-221 210	-122 236	-222 658	-566 104
TOTAL ASSETS	1 591 380	2 028 033	3 426 513	7 045 926
TOTAL LIABILITIES	475 056	794 575	62 432	1 332 063
Capital expenditures	251 811	439 098	0	690 909

[1] Other comprises parent company, holding entity, excess values on intangible assets and related depreciation and tax expense (income) derived from the consolidation of the financial statements not allocated to the operating segments.

PROPERTY, PLANT AND EQUIPMENT GEOGRAPHICAL AREA	2024	2023
Norway	1 147 001	906 172
Denmark	0	114 157
USA	517 078	282 856
South Korea	0	2 493
Balance as of 31.12.	1 664 079	1 305 678

2.4 Raw materials

(Amounts in NOK thousands)

	2024	2023
Raw material	503 355	705 086
Freight expense	572	6 714
Other consumables	48	3 336
TOTAL	503 976	715 136

In addition to products produced internally, Nel also delivers equipment produced using Nel's design or sourced based on a functional design. The ratio of raw material expense to revenues will depend not only on improvements leading to lower raw material spend or on the cost price of raw materials used in production, but also on the share of revenue generated by equipment sourced from third parties.

2.5 Personnel expenses

(Amounts in NOK thousands)

	2024	2023
Salaries	545 753	442 823
Social security tax	67 757	59 008
Pension expense	26 710	18 579
Other payroll expenses [1)]	34 925	38 596
Capitalised salary to technology development	-29 559	-13 346
TOTAL	645 586	545 660

[1)] Included here are expenses amounting to NOK 2.7 million (4.2 in 2023) related to the Group's share option program.

	2024	2023
Average number of full time employees	423	374
Hereof women	90	81

SHARE OPTION PROGRAM UNTIL END OF 2021

Nel compensate employees with share options as part of a program to incentivize and retain key employees. The share option program was distributed groupwide until end of 2021 and granted shares to all employees employed in the group during 2021 on certain tenure conditions. When granted, there is only service-time based vesting conditions. Vesting requires the option holder to still be an employee in the Group. The share-based payment is equity-settled. Each option, when exercised, will give the right to acquire one share in the Group. The options are granted without consideration. The share option program for all employees was terminated in 2022 and was replaced by a Short term incentive (STI) in the form of an annual bonus scheme linked to employee performance and Nel's financial performance.

Options granted July 2021:

A total of 7.8 million share options were granted. Pursuant to the vesting schedule, 40% of the options will vest two years after the day of grant, and 60% of the options will vest three years after the day of grant. The exercise price is equal NOK 15.125 per share based on the average price of the Nel ASA share price the five trading days before grant date (NOK 14.00) and including an 8% premium. Gain per instrument is capped at NOK 10.00 maximum per share option. The options that have not been exercised will lapse 4 years after the date of grant.

Share option program beyond 2022:

All options have only service-time based vesting conditions. Vesting requires the option holder still to be an employee in the company. Specifically, options do not vest after the date the employee serves his or her notice to terminate the engagement with the company or has been notified in writing of the termination of employment by the company. The strike price is a premium of 8 % over the highest of the closing share price on grant date and the volume-weighted average price over the past 5 preceding trading days.

Options granted 2023:

Options were awarded in 2023 based on 2022 employment for a selection of employees. A total of 1.4 million share options were granted, with a 3-year vesting period, 5-year expiry and a cap on gain per option of 10 NOK per share.

Options granted 2024:

Options were awarded in 2024 based on 2023 employment for a selection of employees. A total of 1.65 million share options were granted, with a 3-year vesting period, 5-year expiry and a cap on gain per option of 10 NOK per share.

CEO OPTIONS

The CEO was awarded 500.000 options. Each option vests after three years of grant and may, subject to continued employment, be exercised over a two-year period thereafter. Each option entitles him to acquire one new share of the Company at an exercise price equal to the listed price at the date of grant plus 10%. A maximum profit level has been implemented which limits the accumulated profit for all options to NOK 25 million, and to NOK 30 per option.

Assumptions, costs and social security provisions

The Group uses the Black-Scholes-Merton option pricing model at time of grant to determine the impact of stock option grants in accordance with IFRS 2 - Share-based payment. The model utilises the following parameters as input:

- the company's share price
- the strike price of the options
- the expected lifetime of the options
- the risk-free interest rate equalling the expected lifetime
- the volatility associated with the historical price development of the underlying share

As all employee options granted are "non-transferable", and the gains are taxed with personal income tax (higher), whereas gains on ordinary shares are taxed with capital gains tax (lower), it is reasonable to assume that participants tend to exercise early. Hence estimated lifetime of the options is expected to be shorter than the time from grant until expiry. However, exercise patterns are monitored and expected option lifetime for future grants will reflect exercise behaviour.

To estimate the volatility in the option pricing model comparable companies have been used. Nel has been through a rapid development in recent years and the assumption made at grant was that traded history the previous years was not the best estimate for the future years. Hence, volatility input to the Black-Scholes-Merton model is based on a group of peer companies.

Further the total fair value of the share-based instruments is amortised over the vesting period of the instrument. IFRS 2 presumes that the fair value of the services expected to be received is the same as the fair value of the equity instruments granted at grant date. Therefore, although the services are recognised over the vesting period, they are measured only once, at grant date, unless the arrangement is modified.

Social security tax provisions are accrued on a quarterly basis and becomes payable at exercise of the options. The social security tax provisions are estimated based on the gain on the share-based instruments multiplied with the relevant social security tax rate.

The total expense recognised for the share-based programs, excluding social security, during 2024 was NOK 2.7 (4.2) million. The total social security accruals at the end of the year are NOK 0.0 (0.0) million (social security costs are zero because none of the options are in-the-money at the end of 2024). The total intrinsic value of the company's share-based instruments is NOK 0.0 (0.0) million as of 31 December 2024.

Key assumptions option pricing model per share option program

	2024	2023
Volatility	65.86%	67.59%
Interest rate	3.72%	3.56%
Dividend	0.00	0.00

ESTIMATION UNCERTAINTY - Share-based payments

Estimating fair value for share-based payment transactions requires determination of the most appropriate evaluation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option or appreciation right, volatility and dividend yield and making assumptions about them. The groups' equity-settled share-based payments are measured at fair value at the grant date.

(amounts in NOK thousands and number of options/shares in thousands)

SHARE OPTION PROGRAM	OPENING BALANCE	GRANTED	EXERCISED	FORFEITED	CLOSING BALANCE	STRIKE PRICE	VALUE [1]	REMAINING CONTRACTUAL LIFE
2020 Share Option Plan	7,989	0	0	-7,989	0	7.80	-	-
2021 Share Option Plan	5,693	0	0	-2,287	3,405	15.13	-	0.64
2023 Share Option Plan	1,220	0	0	-490	730	17.02	-	3.17
2024 Share Option Plan	0	1,650	0	-450	1,200	5.32	-	4.16
2023 CEO	500	0	0	0	500	13.85	-	3.50
2024 CEO	0	500	0	0	500	6.16	-	4.50
TOTAL	15,402	2,150	0	-11,217	6,335			

SHARE OPTIONS HELD BY MEMBERS OF GROUP MANAGEMENT

	VESTED [2]						EXPIRY [2]					
NAME	2023	2024	2025	2026	2027	TOTAL	2025	2026	2027	2028	2029	EXPENSE FOR THE PERIOD [3]
Håkon Volldal	0	0	0	500	500	1,000	0	0	0	500	500	694
Kjell Christian Bjørnsen	62	93	0	150	150	455	155	0	0	150	150	176
Marius Løken	0	0	0	0	150	150	0	0	0	0	150	48
Tushar Ghuwalewala	25	38	0	40	50	153	63	0	0	40	50	40
Kai Rune Heggland	18	27	0	40	50	135	45	0	0	40	50	51
Hans Hide	64	96	0	150	150	460	160	0	0	150	150	177
Stein Ove Erdal	64	96	0	150	150	460	160	0	0	150	150	177
Todd Cartwright	0	0	0	0	150	150	0	0	0	0	150	48
Other employees	1,763	1,060	0	200	350	3,373	2,823	0	0	200	350	1,308
TOTAL	1,996	1,410	0	1,230	1,700	6,335	3,405	0	0	1,230	1,700	2,718

1) The value of the share options equals share price less strike price, capped at 10.0 for 2021, 2023. 2024 and CEO program.

2) All share options are granted, vested and expired at the beginning of March in a given fiscal year, except for share option program 2021 which is August and CEO which is July.

3) Cost of period does not include social security. The total social security accruals at the end of the year are NOK 0.0 (0.0) million as none of the options are in-the-money.

Share options program 2020 expired during the period, and 5 191 042 vested options expired during the period without any payment. Next expiry date is 19 August 2025 for options granted 2021.

Pensions

The group has defined contribution pension scheme for its employees. This scheme is funded through payments to insurance companies. A defined contribution plan is one under which the group pays fixed contributions to a separate legal entity. The group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. For defined contribution plans, the group pays contribution to publicly or privately administered pension insurance plans on an obligatory, contractual or voluntary basis. The group has no further payment obligations once the contributions have been paid. The contributions are recognised as a salary expense when they fall due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

The parent company and the Norwegian subsidiaries have pension plans that meet the requirements of the Pension Act of Norway. The US subsidiary have pension plans that meet their respective requirements.

2.6 Other operating expenses

(Amounts in NOK thousands)

	2024	2023
Research and development expenditure	41 589	43 264
Utilities	21 344	23 031
Professional fees	98 919	84 703
Travel expenses	24 554	27 106
IT and communication costs	46 475	25 955
Changes in provisions	63 450	32 071
Repair and maintenance	13 724	15 030
Premises costs	18 901	22 898
Sub supplier services	127 699	62 472
Freight	19 433	28 387
Other expenses	42 224	73 256
TOTAL Other operating expenses	518 313	438 175

2.7 Finance income and cost

(Amounts in NOK thousands)

	2024	2023
Interest income	127 764	166 850
Change in fair value financial instruments	0	592
Other	4 312	6 313
Finance income	132 076	173 755
Interest expense	0	649
Interest expense lease liabilities	16 481	14 251
Net foreign exchange loss	-13 566	-26 547
Change in fair value financial instruments	2 650	311 559
Other	1 269	875
Finance cost	6 833	300 787
Net finance income (cost)	125 243	-127 032

The change in fair value financial instruments in 2023 was mainly due to change in fair value of Nel's shareholdings in Everfuel of NOK -304 million. The shareholdings in Everfuel were also sold in 2023, and there are limited equity instruments in the group in 2024, therefore limited impact on the financial results.

2.8 Income taxes

TAX

The tax expense in the statement of comprehensive income comprises of the tax payable for the period and of the change in deferred tax. Deferred tax is calculated at the prevailing tax rate in the respective countries where the parent company and subsidiaries are tax resident. Deferred tax is calculated based on temporary differences that exist between accounting and tax values, as well as any tax loss carry forward at the end of the financial year. The deferred tax asset is recognised if it is probable that the company will have a sufficient tax profit to be able to utilise the tax asset.

Significant accounting judgements - Deferred tax asset

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

The group has NOK 2 332 million of tax amounts from tax losses carried forward (NOK 1 818 million in 2023). These losses relate to subsidiaries that have a history of losses, and to some extent may not be used to offset taxable income elsewhere in the group. While the losses do not expire, the group has determined that it cannot recognise deferred tax assets from the tax losses carried forward based on its history of losses. Deferred tax assets not recognised in the statement of financial statement amount to NOK 520 million in 2024 (412 in 2023) related to tax losses carry forward.

CALCULATIONS OF THE TAX BASE FOR THE YEAR	2024	2023 RESTATED
Income (loss) before tax	-264 185	-574 266
Permanent differences	69 312	402 732
Change in temporary differences	-170 061	22 220
Use of tax losses carried forward	-143 689	-127 462
The year's taxable income	-508 623	-276 776

RECONCILIATION OF TAX EXPENSE TO NORWEGIAN NOMINAL STATUTORY TAX RATE	2024	2023 RESTATED
Nominal tax rate	22 %	22 %
Income (loss) before tax	-264 185	-574 266
Tax this years income (loss), estimated	-58 121	-126 339
Tax effect of:		
Tax rates different from Norway	2 863	2 386
Permanent differences	10 366	83 904
Change in deferred tax	-6 554	-8 160
Change in not recognized deferred tax assets (tax liabilities)	33 474	38 108
Other differences	11 418	1 941
Income tax expense	-6 554	-8 162

INCOME TAX EXPENSE COMPRISE	2024	2023 RESTATED
Income tax payable	0	0
Change in deferred tax	-6 554	-8 162
Total income tax expense (income)	-6 554	-8 162

TAX EFFECTS OF TEMPORARY DIFFERENCES	2024	2023 RESTATED
Trade receivables and customers contracts	-16 989	-6 554
Intangible assets	1 158	26 524
Property, plant and equipment	46 962	23 204
Inventories	-206	558
Accrued warranty	-13 217	-11 233
Leases	-9 755	-8 047
Deferred income	-17 374	-13 478
Other accruals	-13 000	-38 506
Tax losses carry forward	-519 562	-411 854
Deferred tax asset, net	-515 983	-439 385

RECONCILIATION TO STATEMENT OF FINANCIAL POSITION	2024	2023 RESTATED
Deferred tax asset, net	-515 983	-439 385
Deferred tax asset not recognised in statement of financial position	550 796	477 822
Deferred tax liability in the statement of financial position	34 813	38 436

CHANGES IN RECOGNISED DEFERRED TAX LIABILITY	2024	2023 RESTATED
Balance as of 01.01.	38 436	45 529
Recognised in the income statement	-6 554	-8 160
Translation differences on deferred taxes	3 652	1 069
Discontinued operation	-721	0
Balance as of 31.12.	34 813	38 436

Table below show net operating losses carried forward by country multiplied with the tax rate, the deferred tax asset from historical losses not recognised.

TAX LOSSES CARRY FORWARD BY COUNTRY	2024	2023
Norway	283 092	240 470
United States	236 471	171 385
Balance as of 31.12.	519 562	411 854

2.9 Earnings per share

Earnings per share are calculated by dividing the profit/loss for the year by the corresponding weighted average of the number of outstanding shares during the reporting period. 'Diluted earnings per share' is based on the same calculation as for earnings per share, but it also considers all potential shares with dilutive effect that have been outstanding during the period. Potential shares relate to agreements that confer the right to issue shares in future. Options are excluded if their effect would have been anti-dilutive.

Earnings per share is calculated as profit/(loss) attributable to the equity holders of the parent company divided by the average number of shares outstanding.

(Amounts in NOK thousands)

	2024	2023
Net loss attributable to the equity holders of the parent company and for the purpose of basic and diluted shares	-257 631	-855 196
Basic earnings per share		
Issued ordinary shares at 1 January	1 671 325	1 563 325
Share options exercised	0	0
Share issued	0	108 000
Issued ordinary shares at 31 December	1 671 325	1 671 325
Effect of weighting (share options exercised and share issued during the year)	0	-19 500
Weighted-average number of shares outstanding for the purpose of basic earnings per share	1 671 325	1 651 825
Basic earnings per share for loss attributable to the equity holders of the parent company (NOK)	-0,15	-0,52
Diluted earnings per share		
Weighted-average number of shares outstanding for the purpose of basic earnings per share	1 671 325	1 651 825
Effect of share options on issue [1)]	0	0
Weighted-average number of shares outstanding for the purpose of diluted earnings per share	1 671 325	1 651 825
Diluted earnings per share for loss attributable to the equity holders of the parent company (NOK)	-0,15	-0,52

[1)] As of 31 December, 2024, 6 335 431 weighted-average options were excluded from the diluted weighted-average number of ordinary shares calculation because their effect would have been anti-dilutive (earnings per share is negative).

3.1 Intangible assets

RESEARCH AND DEVELOPMENT

Research

Research activities are defined as activities whose purpose is to generate new technological understanding or knowledge. Research costs are expensed as incurred.

Development

Capitalised development costs are recognised at historical cost after the deduction of accumulated amortisations and impairments. The capitalised value is amortised over the period of expected future earnings from the related project on a straight-line basis.

Technology

As an indication of the level of internal technology costs, Nel currently has 69 and 47 full time employees working directly with R&D in the Alkaline and PEM division, respectively.

Nel invests in development of large-scale industrialisation of Electrolyser products.

ALKALINE

In its Alkaline division, Nel prioritizes the development of a pressurized alkaline Electrolyser targeting 1000Nm3/h single cell stack to increase product efficiency and safety. In addition, Nel's electrolyser divisions initiated the development of product concepts to larger sized projects meeting the requirements of a more sophisticated and complex electrolyser system.

The Alkaline segment has recognised on the statement of financial position, capitalized technology from internal development of NOK 311.4 (211.8) million as of 31.12.2024.

PEM

In the Proton Membrane division, the R&D team focused on the collaboration with General Motors applying the know-how acquired from the development of fuel cells into the development of a new electrolyser cell stack series.

The PEM segment has recognised on the statement of financial position, capitalized technology from internal development of NOK 104.5 (117.4) million as of 31.12.2024.

Significant accounting judgements - Development costs

Development expenditures on an individual project are recognised as an intangible asset when the group can demonstrate:
- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- How the asset will generate future economic benefits
- Its intention to complete and its ability and intention to use or sell the asset
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

To demonstrate technical feasibility and availability of resources, it should be a high certainty that Nel have the intention and ability to complete. Nel categorise its intention and ability to complete in a matrix with the overarching risk to complete buckets low, medium and high. In the phase of a project where the risk of completing is medium to high, then the development costs are expensed as incurred. A capitalised development project commence amortisation when a succesful pilot is demonstrated. After a succesful pilot, the technology is in the condition necessary for it to be capable of operating in the manner indented by management and enters 'ramp-up' stage. Subsequent expenditure is maintenance of existing technology (expensed).

Total technology spend for 2024 was NOK 364.7 (318.1) million, of which NOK 136.0 (118.3) million and NOK 228.7 (151.9) million has been capitalised and expensed, respectively.

USEFUL LIFE, AMORTISATION PLAN

- Technology has a useful life of 3-7 years
- Customer relationship has a useful life of 7-10 years
- Goodwill has indefinite life

CUSTOMER RELATIONSHIP

Customer relationship is acquired through business combinations. Customer relationship is initially measured at cost and subsequently amortised over useful life, using the straight-line method. At period end customer relationship is recognised at historical cost after the deduction of accumulated depreciation and impairments.

GOODWILL

Goodwill recognised in the statement of financial positions has been acquired through business combinations. Goodwill occurs as the residual in the business combination, being the excess of the aggregate of the consideration transferred and any previous interest held, over the net identifiable assets acquired and liabilities assumed. Goodwill is initially measured at cost which is net of tax amount.

Subsequent to initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the group's cash-generating units (CGUs) that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquire are assigned to those units.

(Amounts in NOK thousands)

	TECHNOLOGY	CUSTOMER RELATIONSHIP	GOODWILL	TOTAL
Acquisition cost as of 01.01.2023	886 556	99 195	662 485	1 648 237
Additions from internal development	163 940	0	0	163 940
Additions acquired separately	2 302	0	0	2 302
Disposals	-34 356	0	0	-34 356
Currency effects	22 651	1 039	9 725	33 415
Acquisition cost as of 31.12.2023	1 041 094	100 234	672 210	1 813 538
Additions from internal development	119 194	0	0	119 194
Discontinued operation	-210 341	-3 011		-213 352
Currency effects	46 194	121	36 448	82 763
Acquisition cost as of 31.12.2024	996 142	97 343	708 658	1 802 143
Accumulated amortisation and impairment as of 01.01.2023	339 169	77 705	296 905	713 779
Amortisation	96 175	14 308	0	110 483
Reversed amortisation disposals	-34 356	0	0	-34 356
Impairment	1 424	0	0	1 424
Currency effects	7 161	0	0	7 161
Accumulated amortisation and impairment as of 31.12.2023	409 572	92 013	296 905	798 491
Amortisation	72 167	7 843	0	80 010
Discontinued operation	-113 234	-2 513		-115 747
Currency effects	10 215	0	0	10 215
Accumulated amortisation and impairment as of 31.12.2024	378 721	97 343	296 905	772 970
Carrying value as of 31.12.2023	631 521	8 220	375 305	1 015 046
Carrying value as of 31.12.2024	617 420	0	411 753	1 029 173

Impairment loss NOK 0.0 (1.4) million, from categories Technology and Goodwill, is included within "Impairment of tangible and intangible assets" in profit or loss. The impairment of technology in 2023 is related to not material development projects in Alkaline segment.

Specification of carrying amount

2024

(Amounts in NOK thousands)

	TECHNOLOGY	GOODWILL	TOTAL
Internal development	415 880	0	415 880
Acquired separately	35 763	0	35 763
Acquired through business combinations	165 777	411 753	577 530
Carrying value as of 31.12.2024	617 420	411 753	1 029 173

2023

(Amounts in NOK thousands)

	TECHNOLOGY	CUSTOMER RELATIONSHIP	GOODWILL	TOTAL
Internal development	446 220	0	0	446 220
Acquired separately	209	0	0	209
Acquired through business combinations	185 092	8 220	375 305	568 618
Carrying value as of 31.12.2023	631 521	8 220	375 305	1 015 046

ESTIMATION UNCERTAINTY - Impairment of goodwill and intangible assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget and strategy forecasts for the next five years and do not include restructuring activities that the group is not yet committed to or significant future investments which has not commenced that will enhance the performance of the assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. The key assumptions used to determine the recoverable amount for the different CGUs, including a sensitivity analysis, are disclosed and further explained in this note.

GOODWILL AND INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIVES - IMPAIRMENT CONSIDERATIONS

Goodwill, and CGUs where goodwill has been allocated, are required to be tested for impairment annually. The group performed its annual impairment test in December yearly. Impairment losses are recognised where the recoverable amount is less than the carrying amount. The group has not recognised goodwill impairment expense this year.

ANNUAL IMPAIRMENT TEST - ASSUMPTIONS

CGU

The annual impairment test is performed for all the Group' Cash Generating Units (CGUs). A CGU is defined as the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups thereof. The way management monitors operations assisted in the judgements of identifying the CGUs.

The Group' CGUs are

- Electrolyser Norway and
- Electrolyser US

SPECIFICATION OF ALLOCATED GOODWILL PER CGU	2024	2023
Electrolyser US	350 389	313 941
Electrolyser Norway	61 364	61 364
Balance as of 31.12.	411 753	375 305

Market capitalisation

The group considers the relationship between its market capitalisation and its book value, among other factors, when reviewing indicators of impairment. As of 31 December 2024, the market capitalisation of the group was about equal to the book value of equity, indicating no impairment of goodwill and impairment of the assets. In 2023 the market capitalisation was 3 times above the book value of equity, indicating a decline in value in the last twelve months.

Key assumptions

The calculations of value in use are sensitive to several assumptions, the following are assessed key assumptions in the measured value:

- Revenue growth and gross margin
- EBITDA margins
- Discount rate / Weighted average cost of capital (WACC)

Forecast period

For each CGU, a recoverable amount has been measured. The impairment test has been based on the business and strategy plans approved by the Board of Directors and management's best estimate of cash flows. The recoverable amount is based on a discounted cash flow model determined value in use, which are based on the following:

i) the future expectations reflected in the current budget and strategy over the next 5-year period (forecast period); and

ii) Terminal value beyond year 2029 applying a growth rate of 2.0%

Discount rate

Discount rates represent the current market assessment of the risks, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the group and its operating segments and is derived from its weighted average cost of capital (WACC). The WACC considers the cost of debt and equity. The cost of equity is derived from the expected return on investment by the group's investors. The cost of debt is based on the interest-bearing borrowings the group is obliged to service. Segment specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data. Adjustments to the discount rate are made to factor in the specific amount and timing of the future cash flows to reflect a pre-tax nominal discount rate. Pre-tax nominal discount rate is in the range of 13.9 % to 14.3 %.

ANNUAL IMPAIRMENT TEST – RESULTS AND SENSITIVITY

The impairment test has been prepared in accordance with IAS 36 impairment of non-financial assets following the discounted cash flow methodology for value in use within the standard. The cash flows projections relate to the cash-generating unit in the current condition which means future investments not commenced has not been included in the valuation. It excludes cash inflows and investments forecasted to meet the market demand before 2030. In addition, the standard encourages a conservative valuation to ensure that assets are not carried at more than their recoverable amount.

(Amounts in NOK thousands)

	ELECTROLYSER US	ELECTROLYSER NORWAY
Goodwill	350 389	61 364
Other intangible assets	303 722	300 424
Other invested capital	623 555	1 505 216
Carrying value	1 277 666	1 867 004
Recoverable amount	1 339 079	2 919 817
Headroom	61 413	1 052 813
Pre-tax nominal discount rate	14,3 %	13,9 %
Terminal growth rate	2,0 %	2,0 %

ELECTROLYSER US

Electrolyser US is the Group' segment for the PEM electrolyser technology. The CGU covers the production and manufacturing of PEM electrolyser equipment in Wallingford, Connecticut, US. The operations consist of both assembly of electrolyser, marketing activities and product development.

The table below show the sensitivity analysis for the range of +/-2 percentage points in WACC and +/-4 percentage points in EBITDA margin.

Sensitivity in headroom (amounts in NOK million)		PERCENTAGE POINT CHANGE IN EBITDA MARGIN				
		-4,0%	-2,0%	0,0%	2,0%	4,0%
CHANGES IN WACC	-2,0%	-264	147	556	965	1 373
	-1,0%	-444	-81	279	640	999
	0,0%	-585	-261	**61***	384	705
	1,0%	-699	-406	-114	177	467
	2,0%	-792	-524	-259	7	272

* Represents headroom in impairment calculation for the CGU. Negative numbers in the table indicate impairment

ELECTROLYSER NORWAY

Electrolyser Norway is the Group' segment for the Alkaline electrolyser technology. The CGU covers the production, manufacturing and development of both atmospheric alkaline and pressurised alkaline electrolyser equipment in Herøya and Notodden, Norway. The operations consist of both assembly of electrolyser, marketing activities and product development.

The table below show the sensitivity analysis for the range of +/-2 percentage points in WACC and +/-4 percentage points in EBITDA margin.

Sensitivity in headroom (amounts in NOK million)		PERCENTAGE POINT CHANGE IN EBITDA MARGIN				
		-4,0%	-2,0%	0,0%	2,0%	4,0%
CHANGES IN WACC	-2,0%	1 003	1 643	2 278	2 911	3 544
	-1,0%	479	1 036	1 589	2 140	2 691
	0,0%	71	564	**1053***	1 540	2 026
	1,0%	-253	188	625	1 060	1 495
	2,0%	-517	-118	277	670	1 063

* Represents headroom in impairment calculation for the CGU. Negative numbers in the table indicate impairment.

Additional sensitivities –assumptions

The sensitivities in the table show the change in assumptions that results in zero headroom, at perpetuity growth 2.0%, all else being equal. The table shows the sensitivities for the WACC used, but also for WACC +/- one percentage point:

	KEY ASSUMPTION	ASSUMPTION CHANGE	
WACC	Revenue growth*	-41 million	-925 million
	Gross margin**	-1,7%	-5,7%
	Free cash flow margin***	-0,4%	-4,5%

* If revenue assumption in terminal changes with the assumption change, the headroom is zero.

**If average gross margin rate assumption in the CGU is reduced with this percentage point in the terminal, the headroom is zero.

***If free cash flow margin rate assumption in the CGU is reduced with this percentage point in the terminal, the headroom is zero.

Further elaboration to the table above, for the CGU Electrolyser US:

The sensitivity table above shows that if the revenue assumption in terminal year 2030 in the impairment test is reduced by NOK 41 million, the headroom is 0 all other equal.

Additionally, the sensitivity in the impairment test shows that if the gross margin assumption in terminal year 2030 is reduced by 1.7%, the headroom is zero all other equal.

Finally, it shows that if the free cash flow margin assumption in terminal year 2030 is reduced by 0.4%, the headroom is zero all else equal.

The following tables show the same sensitivities in scenarios where WACC is +/- 1.

	KEY ASSUMPTION	ASSUMPTION CHANGE	
WACC +1%	Revenue growth*	87 million	-633 million
	Gross margin**	3,6%	-3,9%
	Free cash flow margin***	0,9%	-3,1%
WACC -1	Revenue growth*	-159 million	-1 196 million
	Gross margin**	-6,6%	-7,4%
	Free cash flow margin***	-1,7%	-5,8%

* If revenue assumption in terminal changes with the assumption change, the headroom is zero.

**If average gross margin rate assumption in the CGU is reduced with this percentage point in the terminal, the headroom is zero.

***If free cash flow margin rate assumption in the CGU is reduced with this percentage point in the terminal, the headroom is zero.

3.2 Property, plant and equipment

Property, plant and equipment comprise owned and leased assets.

Property, plant and equipment are measured using the cost model; thus, recognised at cost price after deduction for accumulated depreciation and any impairment. Cost prices include purchase price and costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended.

The assets are depreciated using the straight-line method over the expected useful life of the asset. Costs of direct maintenance on the operating assets are expensed as incurred. Additional investments and improvements are added to the asset's cost price and depreciated in line with the remaining useful life of the asset.

(Amounts in NOK thousands)

	ASSET UNDER CONSTRUCTION	OFFICE MACHINES AND OTHER EQUIPMENT	PRODUCTION EQUIPMENT	BUILDINGS	TECHNICAL INSTALLATIONS	RIGHT-OF-USE ASSETS (NOTE 3.3)	TOTAL
Acquisition cost as of 01.01.2023	81 614	107 614	440 535	125 218	12 139	232 833	999 953
Additions	482 427	60 420	22 173	3 778	4 791	31 397	604 986
Disposals	0	-2 936	0	0	0	0	-2 936
Reclassification	-5 658	486	5 172	0	0	0	0
Remeasurement	0	0	0	0	0	28 661	28 661
Currency effects	-6 200	4 545	-2 005	6 033	34	1 459	3 866
Acquisition cost as of 31.12.2023	552 183	170 128	465 875	135 029	16 964	294 350	1 634 529
Additions	362 760	37 321	125 491	1 107	672	29 196	556 546
Disposals	0	-116	0	0	0	0	-116
Reclassification	-604 363	131 001	464 223	0	9 139	0	0
Remeasurement	0	0	0	0	0	22 353	22 353
Discontinued operation	0	-84 121	-9 638	-96 429	-546	-26 927	-217 660
Currency effects	25 550	12 004	13 366	0	0	5 691	56 611
Acquisition cost as of 31.12.2024	336 129	266 217	1 059 318	39 707	26 229	324 663	2 052 263
Accumulated depreciation as of 01.01.2023	0	49 562	82 656	18 001	2 343	61 902	214 464
Depreciation	0	29 146	46 866	4 674	826	31 820	113 331
Impairment	0	0	360	187	0	0	547
Reversed depreciation disposals	0	-2 936	0	0	0	0	-2 936
Currency effects	0	1 672	860	911	2	0	3 445
Accumulated depreciation as of 31.12.2023	0	77 443	130 742	23 774	3 171	93 722	328 851
Depreciation	0	20 378	84 187	633	1 544	29 734	136 476
Discontinued operation	0	-42 860	-7 317	-19 437	-58	-14 454	-84 127
Currency effects	0	3 259	3 725	0	0	0	6 984
Accumulated depreciation as of 31.12.2024	0	58 219	211 337	4 970	4 656	109 002	388 184
Carrying value as of 31.12.2023	552 183	92 685	335 134	111 255	13 793	200 628	1 305 678
Carrying value as of 31.12.2024	336 129	207 997	847 981	34 737	21 573	215 662	1 664 079
Useful life		3-5 years	3-8 years	30-40 years	15-20 years	2-10 years	
Depreciation plan		Straight-line	Straight-line	Straight-line	Straight-line	Straight-line	

Property, plant and equipment is included in 'other invested capital' allocated to the differenct CGU's. See note 11 for impairment considerations for other invested capital.

USEFUL LIFE, DEPRECIATION PLAN

- Office machines and other equipment has a useful life of 3-5 years
- Production equipment has a useful life of 3-8 years
- Buildings has a useful life of 30-40 years
- Technical installations have a useful life of 15-10 years
- Right of use assets has a useful life of 2-10 years

Alkaline Herøya expansion

n 2024, Nel continued executing the expansion at Herøya in Norway with the opening of an additional 500 MW alkaline production line, to a total of 1 000 MW capacity. There is no contractual commitment related to the production lines at Herøya beyond 2024. Subsequent to 2024, the production at Herøya is temporarily halted. A re-opening is dependent on order intake for Alkaline electrolysers.

PEM Wallingford expansion

In 2024, Nel expanded its electrolyser manufacturing facility in Wallingford, Connecticut. The expansion will bring annual production capacity towards 500MW in 2025. The carrying amount for the PEM expansion is NOK 291 million as of 31 December 2024. Total contractual commitments beyond December 2024 for the PEM expansion are NOK 55 million, including purchase contracts for all the physical equipment needed.

Impairment

An assessment of impairment of property, plant and equipment is made if there is an indication of impairment. If the impairment test reveals that an asset's carrying amount is higher than the recoverable amount, an impairment loss will be recognised.

Property, plant and equipment is included in 'other invested capital' allocated to the respective CGU's for the annual impairment test where goodwill is allocated. See note 3.1 for impairment considerations for other invested capital.

3.3 Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

AS A LESSEE

At commencement date or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component based on its relative stand-alone prices. The Group has not chosen to follow the practical expedient to account for the lease and non-lease components as a single component. Non-lease components are treated separately in other standards than IFRS 16.

The group recognise a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate. Refer to section significant accounting judgements – estimating the incremental borrowing rate (IBR) for additional information.

Lease payments included in the measurement of the lease liability comprise the following: i) fixed payments and ii) variable lease payments that depend on an index, initially measured using the index or rate as at the commencement date. The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset.

Payments for insurance, property tax and VAT are excluded from the lease payments amount as they are defined as variable lease payments.

The Group presents right-of-use assets in 'property, plant and equipment' and the lease liabilities within 'lease liabilities', divided into current and non-current portions.

Short-term leases and leases of low value assets
Nel have elected the practical expedient of treating short-term leases and low value assets outside the scope of IFRS 16

Significant accounting judgements - Estimating the incremental borrowing rate (IBR)

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its IBR to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions). The Group determines its incremental borrowing rate by considering various interest rates (risk free rate as 10-year government bonds, and risk premiums) and makes certain adjustments to reflect the terms of the lease, the type of the asset leased and certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

The group has lease contracts for various items like manufacturing facilities, offices, warehouse, parking, vehicles and other equipment used in its operations. Leases of manufacturing facilities generally have lease terms between 10 and 15 years, while offices, warehouse and parking have about 5 years and motor vehicles, and other equipment generally have lease terms between 3 and 5 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets.

'Manufacturing facilities' comprise the Group's two significant leases in the manufacturing facilities at Herøya (Alkaline Norway) and Wallingford (PEM US).

Right-of-use assets

(Amounts in NOK thousands)

	MANUFACTURING FACILITIES	OFFICE, WAREHOUSE AND PARKING	MOTOR VEHICLES	EQUIPMENT	TOTAL
As of 01.01.2023	124 061	44 839	1 608	423	170 931
Additions	0	23 756	7 641	0	31 397
Remeasurement	7 542	21 013	94	13	28 661
Depreciation	-14 487	-15 283	-1 913	-137	-31 820
Translation difference	875	670	-116	30	1 459
As of 31.12.2023	117 990	74 994	7 314	329	200 628
Additions	5 137	24 059	0	0	29 196
Remeasurement	18 208	4 145	0	0	22 353
Depreciation	-15 659	-13 905	-170	0	-29 734
Discontinued operation	0	-5 368	-6 775	-329	-12 473
Translation difference	2 711	2 975	5	0	5 691
As of 31.12.2024 (note 3.2)	128 387	86 900	375	0	215 662

From June 2024, the group remeasured the lease term within the lease agreement of Wallingford (US), as the lease was extended by 7 years by exercise of options. The extension was based on an evaluation of Nel's plan to increase the production capacity in the United States, including the budget planned for capital expenditure in 2024 and 2025, and economic incentives to not reallocate skilled staff and its fixed assets to a new production facility. Nel has another option to further extend the lease term beyond May 2031.

As of 31 December 2024, the economic incentives for the extension due in May 2031 were considered unclear and not reasonably certain due to the uncertainties about the size of the capacity expansion, total investment and location. Nel is not reasonably certain to exercise such option, and potential lease payments beyond May 2031 has not been recognised as right of use assets or lease liabilities.

The remeasurements resulted in an increase of the right-of-use assets and lease liabilities of NOK 15.0 million in 2024.

Lease liabilities

The table below show the carrying amounts of lease liabilities (both current and non-current portion) and the movements during the period:

(Amounts in NOK thousands)

	2024	2023
Balance as of 01.01.	237 203	200 615
Additions	29 196	31 397
Remeasurement	22 353	28 661
Accretion of interest	16 481	14 812
Lease payments	-39 809	-40 585
Discontinued operation	-11 693	0
Translation differences	6 270	2 304
Balance as of 31.12.	260 002	237 203
Current	44 479	38 067
Non-current	215 523	199 136
Balance as of 31.12.	260 002	237 203

Maturity analysis of undiscounted cash flow in lease liabilities:

	2025	2026	2027	2028	>2028	TOTAL
Lease liabilities	45 726	45 227	40 518	39 871	173 199	344 540

The difference between discounted cash flows and undiscounted cash flows (discount effect) is NOK 84.5 (86.5) million as of 31.12.2024. The discount effect is mainly related to manufacturing facility at Herøya, Norway, with included lease term until 2035 and manufacturing facility in Wallingford, US, with included lease term until 2031.

Reconciliation of liabilities arising from financing activities in statement of cash flows, split in cash flows and non-cash changes.

(Amounts in NOK thousands)

	2024	2023
Balance as of 01.01.	237 203	200 615
Cash flows principal amount	-23 328	-25 773
Cash flows interests	-16 481	-14 812
Non-cash changes:		
Additions and remeasurements	51 549	60 058
Accretion of interest expense	16 481	14 812
Discontinued operation	-11 693	0
Foreign currency effects	6 270	2 304
Balance as of 31.12.	260 002	237 203

Amounts recognised in profit or loss

(Amounts in NOK thousands)

	2024	2023
Depreciation expense of right-of-use assets	-29 734	-31 820
Interest expense on lease liabilities	-17 710	-16 041
Expense relating to leases of low-value assets	-146	-241
Expense relating to short-term leases, excluding short-term leases of low-value assets	-1 953	-885
TOTAL amount recognised in profit or loss	-49 544	-48 987

Other information

Total cash outflow for leases as a lessee	41 908	41 711
Weighted incremental borrowing rate used as discount rate for the measuring of lease liabilities	6,6 %	6,7 %

Extension and termination options

The Group has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs.

Significant accounting judgements - Determining the lease term of contracts with renewal and termination options - Group as a lessee.

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

In general, the renewal periods for leases of manufacturing facilities, offices, warehouse and parking with longer non-cancellable periods (i.e. 6-10 years) are not included as part of the lease term as these are not reasonably certain to be exercised. In addition, the renewal options for leases of motor vehicles are not included as part of the lease term because the Group typically leases motor vehicles for not more than three years and, hence is not exercising any renewal options. The periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

Set out below are the material undiscounted potential future rental payments relating to periods following the exercise date of extension and termination options that are not included in the lease term.

	2025	2026	2027-2029	>2029
Extension options not reasonably certain to exercise	0	0	0	67 180
Termination options expected to be exercised	0	0	0	0
TOTAL	0	0	0	67 180

AS A LESSOR

The group have no leases as lessor except for sub-lease. All sub-leases are office space that has been presented as right-of-use assets as part of the property, plant and equipment. When considering the lease term of the sub-lease and the head lease a major part of the economic life of the asset is retained by the Group. All sub-leases have been classified as operating leases and the lease payments received is recognised on a straight-line basis over the lease term as part of 'other operating income'.

3.4 Investments in associated companies and joint ventures

An associate is an entity where the group has significant influence, but not control or joint control.

A joint venture is an entity where the group has joint control contractually together with one or several other parties, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

The group's investments in its associates and joint ventures are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. The statement of profit or loss reflects the group's share of the profit or loss in equity-accounted investees. Any change in OCI of those investees are presented as part of the group's OCI.

No dividends have been received during 2024 or 2023.

The group is not committed to financing the losses and has not provided any guarantee of equity-accounted investees' obligations. This means that if equity in any of the equity-accounted investees are negative, Nel recognise book value of shares as NOK 0 at the end of the year, without any provisions for liabilities.

(Amounts in NOK thousands)

					ACQUISITION COST		CARRYING VALUES	
	COUNTRY	SEGMENT	OWNERSHIP	TYPE	2024	2023	2024	2023
Sagim SAS	France	Alkaline	37.0%	Associate	100	100	100	100
SUM associated companies					100	100	100	100
TOTAL associated companies and joint ventures					100	100	100	100

3.5 Non-current financial assets

(Amounts in NOK thousands)

	2024	2023
Investment in equity instruments	0	9 800
Long-term investments	203 010	147 053
Fair value of derivatives	0	407
Prepayments	159	161
Other non-current financial assets	0	1 837
Balance as of 31.12.	203 169	159 259

LONG-TERM INVESTMENTS

Nel occasionally enters contracts with customers with specific guarantee clauses that require Nel to purchase certain performance bonds or advance payment guarantee products from financial institutions. The products are secured by cash collateral.

In addition, Nel has some lease agreements which require deposits in a restricted bank account throughout the lease term.

Both cash collateral and deposits are assessed as investments (i.e. not cash or cash equivalents) as the maturity exceeds 3 months. Long-term investments include the investments that exceed 12 months.

Performance and warranty bonds

NOK 96.3 (66.4) million relates to outstanding irrevocable letters of credit used as assurance for bid and contract performance, these letters of credit mature between 31 December 2024 and 31 January 2027. As of 31 December 2024, the customers have drawn NOK 0.0 (0.0) million on the letters of credit.

Advance payment guarantee

Generally, in the contracts with customers, Nel receives advance payments. As of 31 December 2024, Nel has NOK 54.3 (9.5) million as cash collateral for irrevocable letters of credit issued for advance payment guarantees with financial institutions. As of 31 December 2024, the customers have drawn NOK 0.0 (0.0) million on the letters of credit.

Lease payments guarantee (deposits) and other collateral

Deposits for lease payments comprise security for lease payments throughout the lease terms for cars, office premises and manufacturing facilities. In addition, collateral for bank credit lines. As of 31 December 2024, the Group has NOK 44.9 (67.1) million in such deposits.

4.1 Inventories

Inventories comprises purchased raw materials, work in progress and finished goods. Obsolescence is considered for inventories, and write-down is performed on obsolete goods.

Inventories are measured under the weighted-average cost formula. The cost of each item is determined from the weighted average of the cost of similar items at the beginning of a period and the cost of similar items bought or produced during the period. The average is calculated on a quarterly basis.

(Amounts in NOK thousands)

	2024	2023
Raw material	66 842	39 496
Work in progress	102 787	126 111
Finished goods	375 919	261 274
Allowance for obsolete inventory	-13 799	-5 189
Discontinued operation	0	282 298
Balance as of 31.12.	531 748	703 990

Inventories are measured at the lowest of cost and net realisable value less costs to sell. In both 2024 and 2023, all items of inventories are measured at cost.

The amount of inventories recognised as an expense was NOK 584.0 (783.0) million during the period.

4.2 Trade receivables

Trade receivables are initially recognised at their transaction price, i.e. the amount of consideration to which Nel expects to be entitled for transferring the promised goods or services to the customer. Trade receivables are subsequently accounted for at amortised cost and are reviewed for impairment on an ongoing basis. Trade receivables are generally not discounted. Trade receivables are presented net of expected credit losses. Changes in the expected credit loss are recognised within other operating expenses in statement of comprehensive income.

(Amounts in NOK thousands)

	2024	2023
Receivables from third-party customers	777 685	843 964
Receivables from a joint venture	0	0
Receivables from an associate	0	0
Gross trade receivables	777 685	843 964
Allowance for expected credit losses	-77 006	-31 557
Balance as of 31.12.	700 679	812 407

Trade receivables are non-interest bearing and are generally on terms 30 to 60 days

Movements in the allowance for impairment in respect of trade receivables

(Amounts in NOK thousands)

	2024	2023
Balance as of 01.01.	31 557	2 270
Discontinued operation	-22 408	
Net remeasurement of loss allowance	67 857	29 287
Balance as of 31.12.	77 006	31 557

See Note 6.2 on credit risk of trade receivables, which explains how the group manages and measures expected credit loss of trade receivables that are neither past due nor impaired.

Nel recognises loss allowances for 'Expected Credit Loss' (ECL) on:

a) Financial assets measured at amortised cost; and

b) Contract assets

Loss allowance for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment, that includes forward-looking information.

MEASUREMENT OF ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to Nel in accordance with the contract and the cash flows that Nel expects to receive).

PRESENTATION OF ALLOWANCE FOR ECL IN THE STATEMENT OF FINANCIAL POSITION

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

4.3 Prepaid expenses and other current assets

(Amounts in NOK thousands)

	2024	2023
VAT net receivable	32 034	41 623
Short-term investments	2 260	24 013
Prepayments	230 731	214 855
Other current assets	7 052	145 456
Fair value of derivatives	3 451	21 396
Balance as of 31.12.	275 529	447 342

SHORT-TERM INVESTMENTS

Performance and warranty bonds, advance payment guarantee and lease payments guarantee (deposits)

Guarantees are included as short-term investments with NOK 2.3 (24.0) million. This is the short-term equivalent to the long-term investments, see note 3.5 for additional information.

4.4 Cash and cash equivalents

Cash and cash equivalents include cash, bank deposits and all other monetary items due within three months or less.

(Amounts in NOK thousands)

	2024	2023
Cash and cash equivalents	1 856 388	3 347 803
Restricted bank deposits for employees' withheld taxes at 31.12	19 193	15 628
Balance as of 31.12.	1 875 580	3 363 431

	2024	2023
Norwegian Kroner	1 831 126	3 096 630
US Dollars	55 827	132 411
Danish Kroner	-7 316	57 406
Swedish Kroner	-26 275	5 557
Euro	10 835	54 429
GB Pounds	11 379	11 174
Korean Won	0	5 815
Polish Zloty	6	9
Balance as of 31.12.	1 875 580	3 363 431

Cash and cash equivalents are 98% (92%) in the Norwegian Krone (NOK) at the end of 2024. NOK 1 564 million is placed in 30-days locked interest accounts in a portfolio of banks.

5.1 Share capital and shareholders

SHARE CAPITAL

The share capital comprises the number of shares multiplied by their par value and are classified as equity. Expenses which can be attributed directly to the issue of new shares or options (less tax) are recognised in equity as a reduction in the proceeds received.

As of 31 December 2024, the group's share capital was NOK 334.3 (334.3) million, consisting of 1 671 325 304 (1 671 325 304) shares each with a par value of NOK 0.20 (0.20).

The parent company has only one share class and no special regulations relating to the shares; thus, one share represents one vote.

As of 31 December 2024, Nel ASA owns 418 033 treasury shares which are recognised at par value NOK 0.20 within 'treasury shares' as a reduction of share capital and total equity.

SHAREHOLDERS AS OF 31.12.2024	COUNTRY	NUMBER OF SHARES	OWNERSHIP
The Vanguard Group, Inc.	United States	63 343 459	3,79 %
BlackRock, Inc.	United States	58 407 373	3,49 %
Svenska Handelsbanken AB	Sweden	30 050 347	1,80 %
Storebrand ASA	Norway	21 355 002	1,28 %
DNB Bank ASA	Norway	20 509 252	1,23 %
KLP Kapitalforvaltning	Norway	20 930 000	1,25 %
Mirae Asset Global Investments Co., Ltd.	United Kingdom	18 551 741	1,11 %
Legal & General Group Plc	United Kingdom	17 658 530	1,06 %
Folketrygdfondet	Norway	17 505 000	1,05 %
Montpensier Finance SAS	France	16 611 599	0,99 %
Van Eck Associates Corp.	United States	16 355 528	0,98 %
BNP Paribas SA	France	10 794 117	0,65 %
Deutsche Bank AG	Germany	7 836 687	0,47 %
SAS Rue la Boetie	France	6 795 582	0,41 %
Deutscher Sparkassen-und Giroverband eV	Germany	6 534 530	0,39 %
Swedbank AB	Sweden	6 196 169	0,37 %
green benefit AG	Germany	5 789 841	0,35 %
Penserra Capital Management LLC	United States	5 781 371	0,35 %
Dimensional Holdings, Inc.	United States	5 207 156	0,31 %
Assicurazioni Generali SpA	Italy	4 018 000	0,24 %
Total 20 largest shareholders		360 231 284	21,55 %
Total remaining shareholders		1 311 094 020	78,45 %
Total number of shares		1 671 325 304	100,00 %

5.2 Long-term debt

(Amounts in NOK thousands)

LONG-TERM DEBT - LENDER	2024	2023
Discontinued operation	0	22 458
Balance as of 31.12.	0	22 458

The reconciliation of lease liabilities arising from financing activities and maturity analysis for lease liabilities are disclosed in note 3.3 leases.

5.3 Deferred income

(Amounts in NOK thousands)

	2024	2023
Government grants	69 279	50 601
Discontinued operation	0	15 642
TOTAL deferred income	69 279	66 243

GOVERNMENT GRANTS

Government grants are recognised where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. When the grants relate to an expense item, it is normally recognised as other operating income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.

Grants received that relate to an acquisition or development of assets has been presented "gross" in Nel's financial statements. A gross presentation entails that the grant received is presented separately as deferred income. The deferred income is presented as a non-current liability and is amortised over the useful life of the related asset. The amortised part of the deferred income is presented as other operating income in the statement of comprehensive income.

(Amounts in NOK thousands)

GOVERNMENT GRANTS	2024	2023
As of 31.12.	66 243	64 049
Grants received	23 247	9 280
Income recognised within 'other income' in 2024 (note 2.2)	-4 570	-2 953
Discontinued operation	-15 642	-9 075
Translation difference	0	4 942
As of 31.12.	69 279	66 243

The aging schedule shows the remaining governments grants divided in the year the grants was initially received.

DEFERRED INCOME AGING SCHEDULE	<2021	2021	2022	2023	2024	SUM
Government grants as of 31.12.2024	25 302	12 174	4 489	8 636	18 677	69 279
Government grants as of 31.12.2023	25 302	12 174	4 489	8 636		50 601

The table below show the split of deferred income (government grant) per operating segment.

OPERATING SEGMENT	COUNTRY	2024	2023
Alkaline	Norway	69 279	50 601
Discontinued operation	Denmark	0	15 642
Balance as of 31.12.		69 279	66 243

The group is not aware of any unfulfilled conditions associated with these grants

5.4 Other liabilities

OTHER CURRENT LIABILITIES

(Amounts in NOK thousands)

	2024	2023
Vacation allowance and other salary related accruals	60 500	58 502
Public duties payable	44 462	35 606
Other current liabilities	59 596	127 985
Fair value of derivatives	9 237	16 123
Balance as of 31.12.	173 795	238 216

OTHER NON-CURRENT LIABILITIES

(Amounts in NOK thousands)

	2024	2023
Contingent liabilities	5 263	4 860
Balance as of 31.12.	5 263	4 860

5.5 Provisions

PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The group makes provisions when a legal or constructive obligation exists as a result of past events, it is more likely than not that a transfer of financial resources will be required to settle the obligation, and the amount of the obligation can be reliably estimated. When the group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. When the effect is significant, provisions are calculated by discounting expected cash flows at a pre-tax rate that reflects the time value of money and if appropriate the risks specific to the liability. Increase in provisions as a result of time passing, is presented as interest expense.

Information regarding significant contingent liabilities is disclosed. A contingent asset is not recognised, but information is disclosed if there is a possibility that a significant advantage will accrue to the group.

(Amounts in NOK thousands)

	ACCRUED WARRANTY	EMPLOYEE BENEFITS	SETTLEMENT AND CLAIMS	ONEROUS CONTRACTS	TOTAL
As of 01.01.2023	68 546	21 792	21 762	41 340	153 440
Additions	44 902	36 896	0	23 249	105 047
Used during the year	-40 056	-13 490	-1 000	-37 769	-92 315
Reversal of unused provisions	-15 131	0	-22 434	-2 441	-40 006
Foreign currency translation	1 551	1 261	1 672	1 067	5 551
As of 31.12.2023	59 812	46 458	0	25 446	131 717
Additions	24 562	26 602	0	7 518	58 682
Used during the year	-15 721	-22 904	0	-18 818	-57 443
Reversal of unused provisions	0	-1 519	0	0	-1 519
Discontinued operation	-24 355	-14 640	0	-6 164	-45 159
Foreign currency translation	1 180	1 517	0	674	3 371
As of 31.12.2024	45 478	35 515	0	8 657	89 650

ACCRUED WARRANTY

The groups warranty to customers is limited to replacement parts and services and generally expires one year from the date of shipment or contract completion. Such warranties are limited in time, for most products not exceeding 12 months. Warranty is based on both contractual commitments and caused by liability under background law.

Estimated warranty obligations are recorded in the period in which the related revenue is recognised or when a project is installed or commissioned. The group quantifies and records an estimate for warranty related costs, which is principally based on historical experience. The accounting for warranties requires the Group to make assumptions and apply judgments when estimating product failure rates and expected material and labour costs. The group adjusts accruals as warranty claim data and historical experience warrant. If actual results are not consistent with the assumptions and judgments used to calculate the warranty liability because either failure rates or repair costs differ from the groups assumptions, the group may be exposed to gains or losses that could be material. Accrued warranty provision is based on experience assumptions and provision comprises a percentage of revenue from contracts with customers, in the range of 3% to 5%.

EMPLOYEE BENEFITS

Nel has short term incentive bonuses in place for all employees. The provision for bonus incurred in 2024 to be finally measured and paid in 2025 is 35.5 NOK (46.5) million.

In addition, the employee benefits include provision for social security on stock options for social security payable in Norway, calculated at the intrinsic value at year end. The provision fluctuates with the number of active options, timing of exercise and Nel ASA share price. See note 2.5 for further information on share option program.

SETTLEMENT AND CLAIMS

Settlement and claims comprise disputes, claims and fines where cash outflow is assessed probable (more likely that not to occur). At the end of 2024, Nel have no provisions for settlement and claims.

Nel ASA is one of three corporate defendants in a law suit initiated by Iwatani Corporation of America. The matter is currently in an early stage of the discovery phase which is expected to continue throughout 2025. Nel has so far seen a limited amount of basis for the different claims, including but not limited to evidence and witness statements. A potential court case is expected at the earliest in the second half of 2026. Nel and the other defendants strongly reject the allegations made in the law suit. Based on the facts of the matter, the chance of the future event occurring is remote to reasonable possible. Nel has currently not made any provision related to the claim.

ONEROUS CONTRACTS

An onerous contract is a contract in which the unavoidable costs (i.e. the lower of the cost of fulfilling the contract and any compensation or penalties arising from failure to fulfil it) exceed the economic benefits expected to be received under the contract. For all contracts that are onerous, the present obligation under the contract is recognised and measured as a provision.

6.1 Operational risk factors

OBJECTIVES, POLICIES AND PROCESSES FOR MANAGING CAPITAL

The group's objective is to manage the capital structure to safeguard its ability to continue as a going concern, develop the business to provide long-term returns for shareholders and provide benefits for other stakeholders. The group sets and adjusts the targeted size of capital based on business strategy, risk and financial market conditions. The risk assessment includes risk associated with market development, product development and risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the group may adjust the amount of new share issue or increase the debt by taking up loans. A failure to adequately assess the capital structure requirements of its business or inability to deliver on the targeted capital structure may have a material adverse effect on Nel.

Technological change

The renewable hydrogen industry in which Nel operates targets markets where abatement of climate emissions is hard. While many applications currently have no credible alternative for large-scale decarbonization other than through the use of renewable hydrogen, there is a risk that other technologies may emerge that better addresses climate change. The renewable hydrogen market relies on continued availability of renewable energy at acceptable costs. Disruptions in the value chain for renewable energy assets or an insufficient build-out rate of renewable energy may significantly delay the market potential for renewable hydrogen.

Along with the significant market potential of the renewable hydrogen market comes increased competition. This also results in increased activity n research and development across the hydrogen industry. Nel's electrolyser technology consist of both Alkaline and PEM. Currently, Nel's Alkaline technology platform presents the advantage of having the better solution for large scale installations based on lowest cost and the highest efficiency. Nel's PEM technology platform has the advantage of being more compact and easier to integrate into turnkey deliveries and having a dynamic response suitable for intermittent operation, making it a better solution for small- and mid-sized installations. Both technology platforms require continued development and cost reduction efforts to become commercially viable in large market segments without government incentives.

It is a risk that one or both of the existing technologies in Nel becomes obsolete, or that competitors develop fundamentally better versions of PEM or Alkaline technology. In addition, Nel continuously monitors the developments and possibilities of a disruptive technology emerging. Today, Anion Exchange Membrane (AEM) and Solid Oxide (SOEL) represent possible disruptors. While all technologies can potentially co-exist, the competing technology and sharing market potential, including the required investment in new technology constitutes a material risk for Nel.

There are risks associated with technological change, both related to technology elements within the field of hydrogen as well as technology elements outside the field of hydrogen that potentially could make renewable hydrogen less relevant for the future.

If any of these circumstances materialize in a negative direction, it may have a significant adverse effect on the group's business, prospects, financial results or results of operations.

Expansion risk

The uneven pace of Nel's anticipated expansion in facilities, staff and operations may place serious demands on the group's managerial, technical, financial, and other resources. The organisation is currently relatively small and there is no guarantee that the group will be able to build a capable organisation at a speed that is required to meet the demands of its customers or potential customers. Nel's failure to manage its growth effectively or to implement its strategy in a timely manner may significantly harm its ability to achieve profitability.

Dependence of third parties in manufacturing

The group's electrolyser manufacturing operations rely on external subcontractors and suppliers of services and goods. This operating model inherently contains a risk to the group's ability to deliver to customers, its goodwill and branding. If suppliers fail to deliver or to meet agreed or generally accepted standards in areas such as environmental compliance, human rights, labor relations and product quality, this could have a significant adverse effect on the group's business, prospects, financial results and results of operations.

The company aims at addressing reputational risk through supplier selection. The majority of the external spending is directed towards large industrial companies with full ISO compliance and smaller vendors that are in compliance with local legislation. Further, Nel conducts regular quality reviews, including production site visits for risk assessment.

Nel is dependent on a limited number of third-party sub-suppliers for its electrolyser equipment. Contract manufactured or purchased components are designed and selected in order to reduce the risk of a critical supply situation. However, if Nel fails to develop or maintain its relationships with its suppliers or such suppliers are prevented from supplying, Nel may be unable to deliver on the agreed time, quality and cost and may experience order cancellations, additional costs, customer claims and loss of market share. To reduce the sourcing risk Nel's supply chain strategy is to have dual supply chains on all components. Nel currently has few components with single source. Another supply chain risk is whether the suppliers can follow the expected growth of the industry. In addition to making its current supply chain more robust, Nel is working to facilitate increasing volumes from important sub-suppliers.

Project risk

Nel participates in large commercial projects. Large commercial projects are subject to risks of delay and cost overruns inherent in any large construction project from numerous factors, including:

- unexpectedly long delivery times for, or shortages of, key equipment, parts and materials;
- unforeseen design and engineering problems leading to delays;
- labor disputes and work stoppages;
- HSE accidents/incidents or other safety hazards;
- disputes with suppliers;
- last minute changes to the customer's specifications;
- adverse weather conditions or any other force majeure events; and
- inability or delay in obtaining regulatory approvals or permits

Failure to complete a commercial project on time may result in delays, renegotiation or cancellation of the contract. Further, significant delays could have a negative impact on Nel's reputation and customer relationships. Nel could also be exposed to contractual penalties for failure to complete the project and commence operations in a timely manner, all of which would aadversely affect Nel's business, financial condition and results of operations.

Key personnel
The successful development and performance of the group's business depends on the group's ability to attract and retain skilled professionals with appropriate experience and expertise. Further, if the group loses the service of its senior management or key personnel, it may not be able to execute its business strategy. There is no assurance that the group will be able to attract or retain such personnel on acceptable terms or at all. Any failure to attract or retain such personnel could have a material adverse effect on the group's business and operations.

Customer risk
Nel's ability to grow and generate incremental revenue depends on its ability to successfully acquire new customers, and to maintain and grow its relationships with existing customers. There can be no assurance that Nel will be able to secure new customers, or maintain its relationships with existing customers, in the future. Further, a number of Nel's existing and potential customers are themselves planning substantial growth, and should these customers fail to succeed with their business plans or fail to fulfill their contracts with Nel, Nel's sales to such customers may be adversely affected, and Nel's revenues and results may suffer as a result.

Intellectual property rights
Nel seeks to protect important proprietary manufacturing processes, documentation and other written materials, and other intellectual property primarily under patent, trade secret and copyright laws. It also typically requires employees, consultants and companies that have access to its proprietary information to execute confidentiality agreements. The steps taken by Nel to protect its proprietary information may not be adequate to prevent misappropriation of its technology. In addition, Nel's proprietary rights may not be adequately protected because:

- third parties may not be deterred from misappropriating its technologies despite the existence of laws or contracts prohibiting misappropriation:
- policing unauthorised use of Nel's intellectual property is difficult, expensive and time-consuming, and the group may be unable to determine the extent of any unauthorised use; and
- the laws and legislation of countries in which the group sells or plans to sell its products may offer little or no protection for its proprietary technologies.

Unauthorised copying or other misappropriation of Nel's proprietary technologies could enable third parties to benefit from its technologies without paying for doing so. Any inability to adequately protect its proprietary rights could harm the group's ability to compete, to generate revenue and to grow its business. This could have a significant adverse effect on the group's business, prospects, financial results and results of operations.

Some of the group's patents are due to expire within the next couple of years, which means that the group will lose the sole right to certain technology in certain areas. Although the company believes that this will have little effect on the company's competitive position, no assurance can be made to this point.

The group may not obtain sufficient patent protection on the technology embodied in its products and production processes, which could significantly harm its competitive position. Patents may provide only limited protection for its technology and may not be sufficient to provide competitive advantages. For example, competitors could be successful in challenging any issued patents or, alternatively, could develop similar or more advantageous technologies on their own or design around the group's patents. Also, patent protection in certain countries may not be available, be limited in scope and/or not be readily enforceable, making it difficult for the group to effectively protect its intellectual property from misuse or infringement. Any inability to obtain and enforce intellectual property rights could have a significant adverse effect on the group's business, prospects, financial results and results of operations. In addition, given the costs of obtaining patent protection and the sometimes limited potential for protection, the group may choose not to protect certain innovations that later turn out to be important. There is also a general risk that the group receives information subject to confidentiality agreements, regarding other parties' know-how and trade secrets in relation to technology which may hinder the group from development of similar intellectual assets.

Adverse publicity and product liability
Product liability claims against the group could result in adverse publicity and potentially monetary damage. It is possible that its products could result in injury, whether by product malfunctions, defects, improper installation or other causes. The successful assertion of product liability claims against the group could result in potentially significant monetary damage, which could have a significant adverse effect on the group's business, prospects, financial results and results of operations.

6.2 Financial risk factors

The key financial risks the group is exposed to are related to liquidity, currency, interest rate, and credit risk.

Liquidity risk

Liquidity risk is the potential loss that occurs when the group fails to fulfil its contractual obligations when they fall due. Nel is operating in a fast-growing, emerging market, with a long list of initiatives in many regions. The need to address growth opportunities ahead of actual market demand, balanced with the need to conserve cash, is a continual challenge. The timing of addressing such elements and risks is important. Moving too fast could result in an unnecessarily high cost level, with cash requirements beyond the current financing plan.

However, the group has a strong liquidity position, NOK 1 875.6 million, as per 31.12.2024. The strong cash position is a good basis for the group's growth strategy. The group monitors its risks associated with lack of capital up against the company's planned activities.

The group will, if necessary, attempt to raise capital through private placements, debt financing, partnerships, and strategic alliances or from other sources. The group may fail to raise capital on acceptable terms, or not do it at all, and this can result in a liquidation of the group.

Currency risk

Nel operates internationally and is subject to currency risks arising from foreign currency transactions and exposures. As the group presents its consolidated results in NOK, any change in exchange rates between NOK and its subsidiaries' functional currencies, primarily with respect to changes in USD, affects its consolidated statement of income and consolidated statement of financial position. As the group expands its operations with projects in new markets the currency risk exposure increases.

The group is on an overall level managed as a NOK company for currency risk management purposes with primary focus on NOK cash flow.

The group's gross foreign currency risk exposure is significant, with the majority of revenue and expenses denominated in foreign currency. The group mitigates the currency risk exposure by entering into forward currency contracts with financial institutions. The group has a residual net currency risk exposure considering hedging which is considered low to medium.

(Amounts in thousands)

PROFIT AND LOSS			CHANGES IN EXCHANGE RATE NOK/FOREIGN CURRENCIES			
NET PROFIT IN FOREIGN CURRENCIES	VALUE IN CURRENCY	VALUE IN NOK	-10%	-5%	+5%	+10%
DKK	-1 180	-1 840	184	92	-92	-184
USD	-6 747	-72 484	7 248	3 624	-3 624	-7 248
SEK	-132 471	-134 776	13 478	6 739	-6 739	-13 478
GBP	4 150	57 020	-5 702	-2 851	2 851	5 702
EUR	33 020	383 938	-38 394	-19 197	19 197	38 394
Effect on net income (loss)			-23 186	-11 593	11 593	23 186
STATEMENT OF FINANCIAL POSITION						
NET RECEIVABLES/LIABILITIES IN FOREIGN CURRENCIES						
USD	9 432	107 083	-10 708	-5 354	5 354	10 708
SEK	-8 173	-8 413	841	421	-421	-841
GBP	934	13 289	-1 329	-664	664	1 329
EUR	53 528	631 368	-63 137	-31 568	31 568	63 137
Effect on net income (loss)			-74 333	-37 166	37 166	74 333
Total effect on Net income (loss) and Equity			-97 519	-48 759	48 759	97 519

The table shows the gross foreign currency exposure based on each entity in the group's functional currency, before hedging. Nel's hedging strategy and designated instruments are elaborated and disclosed in note 6.5. The figures exclude translation of intercompany loans in Nel ASA.

Interest rate risk

The group does not have any interest-bearing long-term debt. Due to the low amount of debt in the group it is assessed that a change in interest rates will not have a material effect on the financial statements.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. Nel is exposed to credit risk from its operating activities (primarily trade receivables and contract assets) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. The carrying amounts of financial assets and contract assets represent the maximum credit exposure.

Expected credit loss assessment

The Group uses an allowance matrix to measure the ECLs of trade receivable from individual customers, which comprise a very large number of small balances. Loss rates are calculated using a factor method based on the probability of a receivable progressing through successive stages of delinquency to write-off. Roll rates are calculated separately for exposures in different segments based on the following common credit risk characteristics - geographic region, age of customer relationship and type of products purchased.

The following table provides information about the exposure to credit risk and ECLs for trade receivables from individual customers as of 31 December 2024 and 2023.

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.

2024	WEIGHTED-AVERAGE LOSS RATE	GROSS CARRYING AMOUNT	LOSS ALLOWANCE[1]	
Current (not past due)	0,1 %	186 526	31 775	
1-30 days past due	0,2 %	127 316	318	
31-60 days past due	0,5 %	4 990	27	
61-90 days past due	2,0 %	4 330	89	
91 days to one year past due	30,0 %	51 269	15 381	
More than one year past due	7,3 %	403 254	29 416	
Total		777 685	77 006	9,9 %

2023	WEIGHTED-AVERAGE LOSS RATE	GROSS CARRYING AMOUNT	LOSS ALLOWANCE	
Current (not past due)	0,1 %	183 159	184	
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 %	29 066	581	
91 days to one year past due	8,1 %	368 310	29 881	
More than one year past due	10,0 %	-	-	
Total		843 964	31 557	3,7 %

1 A customer of Nel entered administration in November 2024. A provision for expected credit losses has been recognised at the end of this year, adding to the loss allowance in the current (not past due) bucket.

6.3 Market risk factors

Market development risk

Significant markets for renewable hydrogen products or renewable energy as a major source for hydrogen production may develop more slowly than the group anticipates. This would significantly harm Nel's revenues and may cause Nel to be unable to recover the expenditure it has incurred and expects to incur in terms of the development and industrialization of its products.

Regulatory issues

The group's operations are subject to numerous environmental requirements. Such laws and regulations govern, among other matters, air pollution emissions, wastewater discharges, solid and hazardous waste management, and the use, composition, handling, distribution and transportation of hazardous materials. Many of these laws and regulations are becoming increasingly stringent. The cost of compliance with these requirements can be expected to increase over time.

The group's electrolyser production depends on discharge permits. From time to time, breaches of the allowed emission limits set out in such permits may occur. If such limits of the relevant permits should be exceeded or the permits adjusted or revoked, this may have a significant effect on the group's operations and result, as the group may be ordered to permanently or temporarily halt production, be subject to fines and/or need to take on additional costs to undertake corrective measures.

The group cannot predict the impact of new or changed laws or regulations relating to health, safety, the environment or other concerns or changes in the ways that such laws or regulations are administered, interpreted or enforced. To the extent that any of these requirements impose substantial costs or constrain the group's ability to expand or change its processes, the group's business, prospects, financial results and results of operations could suffer.

The renewable hydrogen industry is in its development phase and is not currently subject to industry specific government regulations in the European Union, Asia and the United States, as well as other jurisdictions, relating to matters such as design, storage, transportation and installation of renewable hydrogen infrastructure products. However, given that the production of electrical energy has typically been an area of significant government regulation, the Company expects it will encounter industry specific government regulations in the future in the jurisdictions and markets in which it operates. For example, regulatory approvals or permits may be required for the design, installation and operation of Nel's products. To the extent there are delays in gaining such regulatory approval, Nel's development and growth may be constrained. Nel's business will suffer if environmental policies change and no longer encourage the development and growth of clean power technologies.

Nel depends substantially on government subsidies. Political developments could lead to a material deterioration of the conditions for, or a discontinuation of, the subsidies for its technology. It is also possible that government financial support for Nel's technology will be subject to judicial review and determined to be in violation of applicable constitutional or legal requirements or be significantly reduced or discontinued for other reasons. Without government subsidies, or with reduced government subsidies, the availability of profitable investment opportunities for Nel would be significantly lower, which could have a material adverse effect on Nel's business, financial condition, results of operations and cash flows.

Competition

The group competes with a large number of competitors. Many competitors are developing and are currently producing products based on technologies that may have costs similar to, or lower than, the group's projected costs. Many of the group's existing and potential competitors may have longer operating histories, greater name recognition, structurally better cost positions through geographical location or agreements with local authorities (including direct and indirect subsidies), better access to skilled personnel, better access to research and development partners, access to larger customer bases and significantly greater financial, sales and marketing, manufacturing, distribution, technical and other resources than the group. As a result, they may be able to respond more quickly than the group to the changing customer demands or to devote greater resources to the development, promotion and sales of their products. The group's business relies on sales of its products, and competitors with more diversified product offerings may be better positioned to withstand a decline in the demand for products of the types that the group offers. It is possible that new competitors or alliances among existing competitors could emerge and rapidly acquire a significant market share, which would harm the group's business. If the group fails to compete successfully, it could have a significant adverse effect on the group's business, prospects, financial results and results of operations.

6.4 Climate-related risks and opportunities

Climate-related opportunities

Nel is a pure play renewable hydrogen company. Climate-related opportunities are the driver for the revenue and activity growth included in the company's impairment tests. In addition, the climate-related opportunities also impact the assessment of probable future economic benefits from capitalised technology development.

Climate-related risks

The company pursue solely climate-related opportunities; therefore, the company does not have any transformation of any legacy business negatively impacted by the climate-related scenarios. Further analysis of the climate-related risks below:

Regulatory risks and Geopolitics

While climate change is the megatrend, the anticipated role of renewable hydrogen as a sustainable activity contributing to climate change mitigation could change. How geopolitics will impact and shape climate policies going forward constitutes a risk for Nel. We would not be significantly impacted by the introduction of a potential carbon tax or restrictions on the use of carbon-intensive assets. Further, we do not consume products from conflict areas and our consumption of rare materials is limited. However, we identify opportunities in the enactment of a low carbon economy.

Reputation Risk

Nel recognizes the importance of maintaining a strong brand in the developing renewable hydrogen industry. Reputational risk comprises: i) any damage to brand value that will cause lost opportunities, ii) challenges in recruiting and retaining talent that in turn could halt technology developments and damage customer experience, and iii) challenges in attracting investors due to damaged reputation which could affect the going concern status of the group.

Physical Risk

None of our manufacturing facilities are located in environments overly exposed to physical risks. Relatedly, our facilities are not located in the areas most exposed to sustained long-term shifts in climate patterns. However, our delivered solutions require continuous access to water and electricity, a shortage of which could impact our products' performance.

6.5 Hedge accounting

DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING

The Group holds derivative financial instruments to hedge its foreign currency risk exposures. Derivatives are both initially and subsequently to initial recognition measured at fair value, and changes therein are generally recognised in profit or loss.

The group designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with firm commitments and highly probable forecast transactions arising from changes in foreign exchange rates. At the inception of designated hedging relationships, the Group documents the risk management objective and strategy for undertaking the hedge. The group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

Cash flow hedges

For the purpose of hedge accounting, hedges are classified as cash flow hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or a highly probable forecast transaction. Nel accounts for a hedge of foreign currency risk as a cash flow hedge, including also exposures to an unrecognised firm commitment. When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in OCI and accumulated in the hedging reserve. The effective portion of changes in the fair value of the derivative that is recognised in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

The group designates the currency forward contracts on a 'forward basis', which includes both the spot element and the forward element. Then the full fair value of the hedging instrument is used in measuring ineffectiveness. The amount accumulated in the hedging reserve is reclassified to profit or loss in the same period or periods during which the hedged expected future cash flows affect profit or loss.

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve remains in equity until it is reclassified to profit or loss in the same period or periods as the hedged expected cash flows affect profit or loss.

The Group is exposed to certain risk relating to its ongoing business operations. In 2024, foreign exchange forward contracts are designated as hedging instruments in cash flow hedges of firm sale commitment in U.S. dollar, Euro and British pound. In addition, highly probably forecast transactions in Euro and Swedish Krona.

The foreign exchange forward contract balances vary in particular with the magnitude of firm commitment foreign currency sales and changes in foreign exchange forward rates.

As of 31 December 2024, the Group held the following instruments to hedge exposures to changes in foreign currency.

MATURITY/HEDGING INSTRUMENTS		2025-Q1	2025-Q2	2025-Q3	2025-Q4	MORE THAN ONE YEAR	TOTAL
USD	**USD** forward contracts, net	0	0	0	0	0	0
	Average NOK:USD forward contracts rate	0,00	0,00	0,00	0,00	0,00	0,00
	Hedged NOK, net (nominal amount)	0	0	0	0	0	0
	Fair value USD forward contracts	0	0	0	0	0	0
SEK	**SEK** forward contracts, net	0	0	0	0	0	0
	Average NOK:SEK forward contracts rate	0,00	0,00	0,00	0,00	0,00	0,00
	Hedged NOK, net (nominal amount)	0	0	0	0	0	0
	Fair value SEK forward contracts	0	0	0	0	0	0
GBP	**GBP** forward contracts, net	0	773	0	0	0	773
	Average NOK:GBP forward contracts rate	0,00	13,41	0,00	0,00	0,00	13,41
	Hedged NOK, net (nominal amount)	0	10 366	0	0	0	10 366
	Fair value GBP forward contracts	-86	-631	0	0	0	-716
EUR	**EUR** forward contracts, net	52 651	5 980	9 217	7 223	0	75 071
	Average NOK:EUR forward contracts rate	11,78	11,78	11,93	11,90	0,00	11,81
	Hedged NOK, net (nominal amount)	619 997	70 447	109 951	85 959	0	886 354
	Fair value EUR forward contracts	-1 755	-706	-74	-775	0	-3 310
TOTAL hedged NOK, net (nominal amount)		619 997	80 813	109 951	85 959	0	896 720
TOTAL fair value, NOK		-1 841	-1 336	-74	-775	0	-4 026

The effects that hedge accounting has had on the statement of financial position, statement of profit or loss and OCI and statement of changes in equity

Hedging instruments are measured at fair value and recognised in the statement of financial position as either an asset or a liability depending on the whether the instrument has a positive or negative value. The fair values recognised represents unrealised gains/losses driven by the changes in foreign exchange rates.

Statement of financial position

The table below show the fair value of forward exchange contracts designated as hedging instruments in the statement of financial position.

(Amounts in NOK thousands)

TYPE OF HEDGE ITEMS	CURRENT ASSETS	NON-CURRENT ASSETS	OTHER CURRENT LIABILITES	NON-CURRENT LIABILITIES	TOTAL
Revenue	11 877	407	-16 123	0	-3 839
Raw materials	6 070	0	0	0	6 070
As of 31.12.2023	17 948	407	-16 123	0	2 232
Revenue	3 452	0	-7 477	0	-4 025
As of 31.12.2024	3 452	0	-7 477	0	-4 025

Profit or loss and OCI

The table below includes the reconciliation of movements in hedging reserve, cash flow hedges, in OCI during the year.

(Amounts in NOK thousands)

	REVENUE	RAW MATERIALS	FINANCE COSTS	PROPERTY PLANT AND EQUIPMENT	TOTAL
As of 01.01.2023	-6 502	-2 132	0	0	-8 634
Effective portion of changes in fair value	-13 236	-3 938	-1 330	0	-18 504
Reclassified to profit or loss	6 042	0	1 330	0	7 372
Reclassified to statement of financial positions (basis adjustment)	27 045	0	0	0	27 045
As of 01.01.2024	13 350	-6 070	0	0	7 279
Effective portion of changes in fair value	-47 623	10 084	-14 570	0	-52 108
Reclassified to profit or loss	-4 438	0	14 570	0	10 132
Reclassified to statement of financial positions (basis adjustment)	37 126	-4 014	0	0	33 112
As of 31.12.2024	-1 585	0	0	0	-1 585

During the year, a hedging gain of NOK 4.4 (-6.0) million has been realised and reclassified to profit or loss within 'Revenue from contracts with customers'.

The timeline below illustrates when the unrealised changes in fair value of the foreign currency forward contracts may be reclassified to profit or loss and statement of financial position.

(Amounts in NOK thousands)

	2024	2025	2026	2027	TOTAL
Revenue	12 943	407	0	0	13 350
Raw materials	-6 070	0	0	0	-6 070
As of 31.12.2023					7 279
Revenue		-1 585	0	0	-1 585
As of 31.12.2024					-1 585

Economic relationship and effectiveness
The hedged item creates an exposure to buy a foreign currency and sell the functional currency. The forward contract is to sell foreign currency and buy the functional currency. As the hedged exposure is exactly matched by the currency leg of the forward contract (i.e. they are the same amount of currency with the same payment date), there is a clear economic relationship between the hedging instrument and the hedged item. Hedging less than 100 % is considered when natural hedge positions could occur during the hedging period, or to limit the risk of over-hedging given the inherent uncertainties in any estimated cash flow.

If there's no change in the hedge item cash magnitude (e.g. contract termination or amendment) the hedge would be effective as long as the timing of the hedge instrument and hedge item are aligned. The company has recognised ineffectiveness in the income statement in 2024 of about NOK 2 (0) million in finance costs.

The Group does not have any fair value hedge or net investment hedge.

Nel uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: Inputs are quoted prices in active markets for identical assets or liabilities that are accessible at the measurement date.

Level 2: The fair value of financial instruments that are not quoted in an active market is determined using valuation techniques which maximise the use of observable market price and rely as little as possible on entity-specific estimates.

Level 3: Unobservable inputs are used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. Techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

6.6 Financial instruments

FINANCIAL INSTRUMENTS AND FAIR VALUES

2024

	CARRYING AMOUNT				FAIR VALUE			
	FAIR VALUE - HEDGING INSTRUMENTS	MANDATORILY AT FVTPL - OTHERS	FINANCIAL ASSETS AND LIABILTIES AT AMORTISED COST	TOTAL	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Assets								
Financial assets measured at fair value								
Forward exchange contracts used for hedging	3 452			3 452		3 452		3 452
SUM	3 452			3 452		3 452		3 452
Liabilities								
Financial liabilities measured at fair value								
Forward exchange contracts used for hedging	-7 477			-7 477		-7 477		-7 477
SUM	-7 477			-7 477		-7 477		-7 477

2023

	CARRYING AMOUNT				FAIR VALUE			
	FAIR VALUE - HEDGING INSTRUMENTS	MANDATORILY AT FVTPL - OTHERS	FINANCIAL ASSETS AND LIABILTIES AT AMORTISED COST	TOTAL	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Assets								
Financial assets measured at fair value								
Forward exchange contracts used for hedging	18 354	0	0	18 354	0	18 354	0	18 354
Financial asset - equity instruments	0	9 800	0	9 800	0	0	9 800	9 800
SUM	18 354	9 800	0	28 155	0	18 354	9 800	28 155
Liabilities								
Financial liabilities measured at fair value								
Forward exchange contracts used for hedging	-16 123	0	0	-16 123	0	-16 123	0	-16 123
SUM	-16 123	0	0	-16 123	0	-16 123	0	-16 123
Financial liabilities not measured at fair value								
Long-term debt	0	0	22 458	22 458	0	22 458	0	22 458
SUM	0	0	22 458	22 458	0	22 458	0	22 458

The management assessed that cash and short-term deposits, trade receivables, other current assets, trade payables and other current liabilities' carrying amounts is a reasonable approximation of their fair value largely due to the short-term maturities of these instruments.

Nel enters into forward exchange contracts with financial institutions, where the fair value of such instruments is based on valuation techniques including market observable inputs. The most frequently applied valuation techniques include forward pricing and swap models using net present value calculations. The models used incorporate various inputs, including the credit quality of counterparties, foreign exchange spot and forward rates and interest rate curves. The valuation is performed by banks or external valuation providers.

For recurring fair value measurements using significant unobservable inputs (Level 3), the effect of the measurements on profit or loss for the period has been 0.0 (0.0) million.

6.7 Contractual commitments and commitments for future investments

Nel is committed to future investments for PEM expansion in Wallingford, Connecticut, see note 3.2 for additional information.

7.1 Composition of the group

The following subsidiaries are included in the consolidated financial statements:

COMPANY	COUNTRY OF INCORPORATION	MAIN OPERATIONS	CONSOLIDATED FROM:	OWNERSHIP/ VOTES 2024	OWNERSHIP/ VOTES 2023
Nel Hydrogen Electrolyser AS	Norway	Alkaline electrolysers	01.10.2015	100 %	100 %
Nel Hydrogen A/S	Denmark	Hydrogen fueling stations	01.07.2015	0 %	100 %
Nel Fuel AS	Norway	Investment/holding	01.07.2015	100 %	100 %
Proton Energy Systems Inc	United States	PEM electrolysers	01.07.2017	100 %	100 %
Nel Korea Co. Ltd	South Korea	Service of H2Station®	01.07.2018	0 %	100 %
Nel Hydrogen Inc	United States	Service of H2Station®	01.01.2019	0 %	100 %
Nel US Holding Inc	United States	Investment/holding	23.05.2024	100 %	na
Nel Hydrogen Electrolyser Germany GmbH	Germany	Electrolysers sales office	24.10.2022	100 %	100 %
Nel Hydrogen Electrolyser Belgium BV	Belgium	Electrolyser sales office	27.09.2021	100 %	100 %
Nel Austria GmbH	Austria	Fueling sales office	30.03.2022	0 %	100 %
Nel Hydrogen Chile SpA	Chile	Electrolyser sales office	01/06/2023	100 %	100 %
Nel Electrolyser Inc	United Stattes	Electrolyser distributor	24.05.2024	100 %	na

All subsidiaries are 100 % owned. There is no uncertainty about control and no restrictions on the ability to access or use assets and settle liabilities in the group.

7.2 Executive management remuneration

Nel Executive Management Compensation and number of shares owned

2024

(Amounts in NOK thousands)

REMUNERATION OF MANAGEMENT 2024	SALARY	BONUS	PENSION EXPENSE	OTHER REMUNERATION [1]	TOTAL REMUNERATION	NUMBER OF SHARES
Håkon Volldal, CEO [2]	4 762	1 550	202	0	6 514	0
Kjell Christian Bjørnsen, CFO	3 152	933	202	0	4 287	20 000
Marius Løken, CTO	2 869	502	202	0	3 573	0
Esa Laukkanen, former COO [3]	3 130	620	0	1 639	5 389	0
Kai Rune Heggland, SVP Alkaline operations	2 104	103	115	0	2 322	8 766
Tushar Ghuwalewala, SVP PEM operations	2 609	364	78	0	3 051	0
Todd Cartwright, CCO	3 405	0	90	645	4 140	0
Hans Hide, SVP Projects	2 362	419	202	0	2 983	30 000
Stein Ove Erdal, Chief Legal Officer	2 569	619	202	0	3 390	0
Anne Liberg, CHRO [4]	1 438	0	151	0	1 589	0
Caroline Duyckaerts, former CHRO [5]	1 412	348	142	1 457	3 359	0
TOTAL	29 812	5 458	1 586	3 741	40 597	58 766

[1] Other remuneration is mainly related to share option program and severance pay

[2] Has a six months notice period, plus is entitled to six months severence pay.

[3] Left Nel end of October 2024

[4] Employed in Nel from April 2024

[5] Left Nel end of May 2024

2023

(Amounts in NOK thousands)

REMUNERATION OF MANAGEMENT 2023	SALARY	BONUS	PENSION EXPENSE	OTHER REMUNERATION [1]	TOTAL REMUNERATION	NUMBER OF SHARES
Håkon Volldal, CEO [2]	4 364	589	201	0	5 154	0
Kjell Christian Bjørnsen, CFO	3 011	116	201	0	3 328	20 000
Marius Løken, CTO [3]	1 432	0	102	0	1 534	0
Anders Søreng, former CTO [4]	712	0	32	0	744	na
Esa Laukkanen, COO	2 964	55	0	0	3 019	0
Robert Borin, SVP Nel Hydrogen Fueling	3 231	106	304	0	3 641	0
Filip Smeets, former CCO [5]	2 603	69	91	2 180	4 943	0
Hans Hide, SVP Projects	2 268	85	201	0	2 554	30 000
Stein Ove Erdal, Senior Vice President Legal and General Counsel	2 371	126	201	0	2 698	0
Caroline Duyckaerts, Chief Human Resources Officer	1 937	67	201	0	2 204	0
TOTAL	24 893	1 214	1 534	2 180	29 821	50 000

[1] Other remuneration is mainly related to share option program and severance pay
[2] Has a six months notice period, plus is entitled to six months severence pay.
[3] Employed in Nel from June 2023
[4] Left Nel end of March 2023
[5] Left Nel end of December 2023

The Board of Directors determines the remuneration of the CEO based on a proposal from the Remuneration Committee and approves the general terms of the company's incentive plans for Executive Management and other key employees. The CEO determines the compensation to the other members of Nel's Executive Management.

Nel's approach is to provide the CEO and other members of Nel's executive Management as well as employees with a market competitive offer for our renewable industry. The compensation should be:

- attractive to recruit and retain executives and other talents to Nel;
- market competitive in the respective locations but not market leading, fitting for our renewable industry;
- Support the creation of sustainable value to Nel's shareholders

Total compensation for each member of Executive Management is compared to the relevant market on a regular basis. Nel's remuneration of the Executive Management includes the Base Salary, Bonus, Share Option Program, Pension (defined contribution plans) and other compensation elements such as car, cell phone and internet connection.

7.3 External audit remuneration

FEES TO THE GROUP AUDITOR	2024	2023
Statutory auditing services	3 395	2 949
Attestation services	218	103
Non-auditing services	267	512
TOTAL	3 880	3 564

In addition to the fees included in the remuneration table above, the group incurred NOK 1.9 (1.2) million in 2024 of attestation services and non-auditing services provided by companies other than EY, the group auditor.

FEES TO OTHER AUDITORS ELECTED BY SUBSIDIARIES	2024	2023
Statutory auditing services	0	0
Attestation services	1 909	1 217
Non-auditing services	0	0
TOTAL	1 909	1 217

7.4 Related parties

EXECUTIVE MANAGEMENT

Information on key management compensation is disclosed in note '7.2 executive management remuneration'.

ASSOCIATED AND JOINT VENTURES

Nel's significant transactions with associated companies and joint ventures are described in note 3.4 Investments in associated companies and joint ventures.

Transactions with related parties are at arm's length principles.

BOARD OF DIRECTORS

Members of Nel's Board of Directors' remuneration and share ownership are disclosed in the tables below.

2024

BOARD OF DIRECTORS 2024	BOARD MEMBER	AUDIT COMMITTEE	REMUNERATION COMMITTEE	TOTAL	NUMBER OF SHARES	OWNERSHIP
Ole Enger - Chair of the Board	731	0	75	806	149 462	0,01 %
Tom Røtjer	391	0	0	391	0	0,00 %
Beatriz Malo de Molina	391	125	0	516	0	0,00 %
Charlotta Falvin	391	90	0	481	46 000	0,00 %
Hanne Blume	391	0	105	496	0	0,00 %
Jens Bjørn Staff	391	0	0	391	0	0,00 %
Arvid Moss	391	0	0	391	0	0,00 %
TOTAL	3 075	215	180	3 470	195 462	0,01 %

2023

BOARD OF DIRECTORS 2023	REMUNERATION	AUDIT COMMITTEE	REMUNERATION COMMITTEE	TOTAL	NUMBER OF SHARES	OWNERSHIP
Ole Enger - Chair of the Board	672	0	65	737	149 462	0,01 %
Tom Røtjer	366	0	0	366	0	0,00 %
Beatriz Malo de Molina	366	115	0	481	0	0,00 %
Charlotta Falvin	366	80	0	446	46 000	0,00 %
Hanne Blume	366	0	95	461	0	0,00 %
Jens Bjørn Staff [2]	234	0	0	234	0	0,00 %
Arvid Moss [2]	234	0	0	234	0	0,00 %
Finn Jebsen [1,2]	131	0	0	131	na	na
Jon André Løkke [2]	131	0	0	131	na	na
TOTAL	2 866	195	160	3 221	195 462	0,01 %

[1] Consisting of shares held through Fateburet AS
[2] At the Annual General Meeting in 2023, Jens Bjørn Staff and Arvid Moss were elected as board members, replacing Finn Jebsen and Jon André Løkke.

7.5 Events after the balance sheet date

Information about the group's financial position that has occurred after the balance sheet date is disclosed if the information is considered to be significant for the group's current financial statements and future position.

- About 73% of the net trade receivables past due in group accounts note 6.2 are related to one customer. This year includes no revenue from this customer. Nel has security for the unpaid net trade receivables from this customer in the sold goods. Subsequent to the year, on 15 January 2025, the parties agreed that Nel use the collateral as consideration for the receivables. The collateral value, i.e. the payment for the goods, will offset the receivables from this customer.

- Initiated a process to adjust capacity to market demand by reducing the workforce and temporarily halting productions at the Alkaline production facility in Herøya, Norway

7.6 Going concern

The financial statement is presented on the going concern assumption under International Financial Reporting Standards. As per the date of this report the group has sufficient working capital for its planned business activities over the next twelve-month period.

7 Parent company financial statements

Statement of comprehensive income

(Amounts in NOK thousands)

Nel ASA

	NOTE	2024	2023
Revenue from contracts with customers	3	103 396	77 757
Other operating income		2 192	2 010
Total revenue and operating income		105 588	79 767
Personnel expenses	4	75 715	67 541
Depreciation and amortisation	5	4 102	4 089
Other operating expenses	6	65 280	52 423
Total operating expenses		145 097	124 053
Operating loss		-39 509	-44 286
Finance income	7	205 145	235 809
Finance costs	7	-876 204	-198 475
Net financial items		-671 059	37 333
Pre-tax income (loss)		-710 568	-6 952
Tax expense	9	0	0
Net income (loss) attributable to equity holders of the company		-710 568	-6 952
Other comprehensive income		0	0
Comprehensive income (loss) attributable to equity holders of the company		-710 568	-6 952
Appropriation of comprehensive income (loss) and equity transfers			
Dividends proposed		0	0
Retained earnings		-710 568	-6 952
Total appropriation		-710 568	-6 952

Statement of financial position as of 31 December

(Amounts in NOK thousands)

		Nel ASA	
ASSETS	NOTE	2024	2023
NON-CURRENT ASSETS			
Property, plant and equipment	5	7 949	11 857
Investments in subsidiaries	8	3 759 355	3 989 624
Non-current financial assets	10, 16, 17	158 750	104 076
Long-term receivables group	12	104 135	266 259
Total non-current assets		4 030 189	4 371 816
CURRENT ASSETS			
Trade receivables		10 410	29
Other current assets	10, 11, 16, 17	9 502	49 150
Cash and cash equivalents	13	1 830 512	3 204 108
Receivables group	12	238 913	159 673
Total current assets		2 089 337	3 412 960
TOTAL ASSETS		6 119 526	7 784 776

Statement of financial position as of 31 December

(Amounts in NOK thousands)

		Nel ASA	
EQUITY AND LIABILITIES	NOTE	2024	2023
EQUITY			
Paid in capital			
Share capital	14	334 265	334 265
Treasury shares	14	(84)	(84)
Share premium	14	7 598 562	8 661 089
Other capital reserves	14	68 645	65 927
Accumulated deficits / Retained earnings	14	(2 149 059)	(1 438 491)
Total equity		5 852 330	7 622 707
NON-CURRENT LIABILITIES			
Lease liabilities	15	3 610	7 025
Long-term debt group	12	186 944	72 447
Total non-current liabilites		190 554	79 472
CURRENT LIABILITIES			
Trade payables		10 465	5 559
Lease liabilities	15	3 902	3 826
Provisions		7 659	8 047
Short-term liabilities group	12	13 146	29 551
Other non-current liabilities	10, 16, 17	41 470	35 615
Total current liabilities		76 642	82 597
Total liabilities		267 196	162 069
TOTAL EQUITY AND LIABILITIES		6 119 526	7 784 776

Statement of cash flows

(Amounts in NOK thousands)

		Nel ASA	
	NOTE	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		(710 568)	(6 952)
Adjustments for interest expense	7	536	532
Adjustments interests received	7, 12	(41 916)	(69 806)
Equity-settled share-based compensation expense	4	481	1 080
Depreciation	5	4 102	4 089
Impairment of financial assets	7	876 031	233 390
Change in fair value equity instruments	11	(23 372)	7 387
Change in provisions		(388)	5 647
Change in trade receivables, group receivables		(89 621)	(11 609)
Change in trade payable and group payables		(11 499)	9 203
Changes in other current assets and other liabilities		(681 675)	(30 064)
Net cash flow from operating activities		(677 889)	142 899
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	5	(34)	(584)
Disposal of property, plant and equipment	12	220	-
Loan given to subsidiaries	7	(673 505)	(1 528 531)
Investments in other financial assets	10	(137 918)	(92 219)
Proceeds from sales of other investments	10	119 682	170 479
Net cash flow from investing activities		(691 556)	(1 450 854)
CASH FLOWS FROM FINANCING ACTIVITIES			
Interests paid	7	(536)	(532)
Gross cash flow from share issues	14	-	1 609 200
Transaction costs related to capital increases	14	-	(24 696)
Payment of lease liabilities	15	(3 615)	(3 415)
Net cash flow from financing activities		(4 152)	1 580 556
Net change in cash and cash equivalents		(1 373 596)	272 601
Cash balance as of 01.01	13	3 204 108	2 931 508
Cash balance as of 31.12	13	1 830 512	3 204 108

Statement of changes in equity

(Amounts in NOK thousands)

Nel ASA

	SHARE CAPITAL	SHARE PREMIUM	OTHER RESERVE	TREASURY SHARES	RETAINED EARNINGS	TOTAL EQUITY
Equity as of 31.12.2022	312 665	7 098 185	61 764	-84	-1 431 539	6 040 992
Increase of capital 2023	21 600	1 562 904				1 584 504
Options and share program			4 163			4 163
Total comprehensive income					-6 952	-6 952
Equity as of 31.12.2023	334 265	8 661 089	65 927	-84	-1 438 491	7 622 707
Increase of capital 2024	0	0				0
Options and share program			2 719			2 719
Distribution of shares in Cavendish Hydrogen ASA		-1 062 527				-1 062 527
Total comprehensive income					-710 568	-710 568
Equity as of 31.12.2024	334 265	7 598 562	68 646	-84	-2 149 059	5 852 330

OSLO, 25 FEBRUARY 2025

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)

7.1 Notes to the financial statements parent company

Note 1 Company information

Nel ASA (Nel) is a global, dedicated hydrogen company, delivering optimal solutions to produce, store and distribute hydrogen from renewable energy. The company is domiciled in Norway. The company specializes in electrolyser technology for production of renewable hydrogen. Nel's product offerings are key enablers for a renewable hydrogen economy, making it possible to decarbonize various industries such as transportation, refining, steel, and ammonia.

The group has two divisions: Nel PEM Electrolyser and Nel Alkaline Electrolyser.

Nel ASA (org. no 979 938 799) was formed in 1998 and is a Norwegian public limited company listed on the Oslo Stock Exchange. The company's head office is in Karenslyst allé 49, N-0279 Oslo, Norway. The parent company financial statements were approved by the Board of Directors on 25 February 2025.

Note 2 Basis for preparation and significant accounting principles

STATEMENT OF COMPLIANCE

The financial statements of Nel ASA have been prepared and presented in accordance with simplified IFRS pursuant to section 3-9 of the Norwegian Accounting Act.

BASIS FOR PREPARATION

These financial statements have been prepared on a historical cost basis, except for certain financial instruments, which are measured at fair value.

ACCOUNTING ESTIMATES AND JUDGEMENTS

In preparing the financial statements, assumptions and estimates that have had effect on the amounts and presentation of assets and liabilities, income and expenses and contingent liabilities must be made. Actual results could differ from these assumptions and estimates.

FOREIGN CURRENCY TRANSLATION

The functional currency and presentation currency of the company is Norwegian kroner (NOK). Transactions in foreign currency are translated at the rate applicable on the transac¬tion date. Monetary items in a foreign currency are translated into NOK using the exchange rate applicable on the balance sheet date. Non-monetary items that are measured at their historical cost expressed in a foreign currency are trans¬lated into NOK using the exchange rate applicable on the transaction date. Non-monetary items that are measured at their fair value expressed in a foreign currency are translated at the exchange rate applicable on the balance sheet date.

CHANGES IN ACCOUNTING POLICIES

A few amendments to IFRS have been implemented for the first time in 2024. The amendments did not have any material impact for the parent company. In addition, several amendments to IFRS are issued up to the date of issuance of these financial statements but are not yet effective. The company has not applied the new IFRSs and the impact of applying the amendments is not expected to have a material impact on the Company's financial statements.

DEFINITION AND APPLYING OF MATERIALITY JUDGEMENTS IN PREPARATION OF THESE FINANCIAL STATEMENTS

The financial statements aim to provide useful financial information which increase the understandability of Nel and its performance. To meet the information needs of its primary users, Nel apply materi¬ality judgments which are necessary to meet this objective, and Nel has made such judgments related to recognition, measurement, presentation and disclosures. Within these financial statements information is considered material if omitting, misstating or obscuring it could reasonably be expected to influence decisions taken by primary users based on the information provided. In practice this will lead to Nel omitting certain information if it is assessed it will obscure the material information. The materiality judgments are reassessed at each reporting date and updated based on changed facts and Nel specific circumstances.

SEGMENT INFORMATION

Nel ASA operates with only one operating segments, providing management services to subsidiaries. A separate disclosure for segment information is therefore not applicable.

SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATION UNCERTAINTY

The preparation of financial statements requires management to make judgements and estimates that influence amounts recognised in certain accounts for assets, liabilities, income and expenses. The actual results may deviate from such assumptions. Estimates and underlying assumptions are subject to continuous assessment.

REVENUE FROM CONTRACTS WITH CUSTOMERS

In general, revenue comprises sale of intercompany services. These are recognized when the services are delivered based on intragroup allocation of costs.

PERSONNEL EXPENSES

Wages, salaries, bonuses, pension and social security contributions, paid annual leave and sick leave are accrued in the period in which the associated services are rendered by employees of the company. The company has pension plans for employees that are classified as defined contribution plans. Contributions to defined contribution schemes are recognised in the statement of comprehensive income in the period in which the contribution amounts are earned by the employees.

The company has an equity-settled share option program for all employees. The Company uses the Black-Scholes-Merton option pricing model at time of grant to determine the impact of stock option grants in accordance with IFRS 2 – Share-based payment. Refer to group financial statements note 2.5 for further accounting policies, including assumptions and social security provisions.

For further information refer note 4 – Personnel expenses.

FINANCIAL INSTRUMENTS AND FAIR VALUE

Nel uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: Inputs are quoted prices in active markets for identical assets or liabilities that are accessible at the measurement date.

Level 2: The fair value of financial instruments that are not quoted in an active market is determined using valuation techniques which maximise the use of observable market price and rely as little as possible on entity-specific estimates.

Level 3: Unobservable inputs are used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. Techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

The Company has assessed that cash and short-term deposits, trade receivables, other current assets, trade payables and other current liabilities' carrying amounts is a reasonable approximation of their fair value largely due to the short-term maturities of these instruments.

The Company enters into forward exchange contracts with financial institutions, where the fair value of such instruments is based on valuation techniques including market observable inputs. The most frequently applied valuation techniques include forward pricing and swap models using net present value calculations. The models used incorporate various inputs, including the credit quality of counterparties, foreign exchange spot and forward rates and interest rate curves. The valuation is performed by banks or external valuation providers.

INTEREST INCOME AND EXPENSES

Interest income and expenses are recognised in the statement of comprehensive income within 'finance income' and 'finance cost' as they are accrued, based on the effective interest method.

INCOME TAX EXPENSE

Income tax expense in the statement of comprehensive income for the year comprises current tax and changes in deferred tax. Income tax expense is recognised in the statement of comprehensive income.

Current tax is the expected tax payable on the taxable income for the year and any adjustment to tax payable in respect of previous years. Uncertain tax positions and potential tax exposures are analysed individually and the best estimate of the probable amount for liabilities to be paid (unpaid potential tax exposure amounts, including penalties) and virtually cer¬tain amounts for assets to be received (disputed tax positions for which payment has already been made) in each case are recognised within current tax or deferred tax as appropriate.

Deferred tax assets and liabilities are recognised for the future tax consequences attributable to differences between financial statements and their respective tax bases, subject to the initial recognition exemption. The amount of deferred tax provided is based on the expected manner of utilized on or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. For a deferred tax asset to be recognised based on future taxable profits, convincing evidence is required.

SUBSIDIARIES

Subsidiaries are all entities controlled by Nel ASA. Control is achieved when the company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Shares in subsidiaries are presented according to the cost method. Shares in subsidiaries are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may exceed the fair value of the investment. Indications may be operating losses or ad¬verse market conditions. Fair value of the investment is estimated based on valuation model techniques. If it is considered probable that the fair value is below Nel's carrying value, the investment is impaired. The impairment is reversed if the impairment situation is no longer present.

INVESTMENT IN ASSOCIATED COMPANIES AND JOINT VENTURES

The company's investments in its associates and joint ventures are accounted for using the equity method. An associate is an entity where the company has significant influence. A joint venture is an entity where the company has joint control contractually together with one or several other parties.

CASH AND CASH EQUIVALENTS

Cash includes cash in hand and at bank. Cash equivalents are short-term liquid investments that can be immediately converted into a known amount of cash and have a maximum term to maturity of three months.

EVENTS AFTER THE REPORTING PERIOD

New information on the company's financial position on the end of the reporting period which becomes known after the reporting period, is recorded in the annual accounts. Events after the reporting period that do not affect the company's financial position on the end of the reporting period, but which will affect the company's financial position in the future are disclosed, if significant.

STATEMENT OF CASH FLOW

The cash flow statement is prepared using the indirect method.

Note 3 Revenue from contracts with customers

(Amounts in NOK thousands)

REVENUES BY GEOGRAPHIC REGION BASED ON CUSTOMER LOCATION	2 024	2 023
Norway	58 549	34 665
United States	35 171	27 070
Denmark	9 345	15 299
South Korea	332	723
Total	103 396	77 757

All revenues in 2024 and 2023 are internal revenue from management services. Revenues are recognised over time based on the cost-to-cost input method. Billings occur at the end of each year for all cumulative costs incurred plus recognised profit, thus, there are no contract balances at year end. Both contract assets and the billings are recognised as current assets within 'Receivables Group' in the statement of financial position and is an unconditional right to payment.

Note 4 Personnel expenses

(Amounts in NOK thousands)

SALARIES AND PERSONNEL EXPENSES	2024	2023
Salaries	55 349	48 894
Social security tax*	11 432	9 072
Pension expense	6 162	4 686
Other payroll expenses**	2 773	4 889
Total	75 715	67 541

* Social security tax includes provisions for social security related to the share option program.

** Included in this amount are expenses amounting to NOK 1.3 (1.1) million related to the share option program.

Remuneration and direct ownership of shares of the Chairperson and of the Board of Directors are disclosed in Nel Remuneration Report for 2024. The full report can be found at www.nelhydrogen.com. Remuneration to CEO and Nel management are disclosed in the Nel Remuneration Report for 2024.

The company has a share option program for all employees. For information of the company's share option program refer to group accounts disclosure 2.5.

Average number of FTEs	30	32

Pension

The company has a defined contribution pension plan for its employees that meet the requirements of the Pension Acts of Norway.

Note 5 Property, plant and equipment

PROPERTY, PLANT AND EQUIPMENT COMPRISE OWNED AND LEASED ASSETS	OFFICE MACHINES AND OTHER EQUIPMENT	TECHNICAL INSTALLATIONS	RIGHT-OF-USE ASSETS	TOTAL
Carrying amount as of 31.12.2023	1 447	38	10 372	11 857
Carrying amount as of 31.12.2024	874	23	7 053	7 949

Useful life	3 years	5 years	5 years
Depreciation plan	Straight-line	Straight-line	Straight-line

Note 6 Other operating expenses

SPECIFICATION OF OTHER OPERATING EXPENSES:	2 024	2 023
Hardware and common cost office premises	1 426	1 596
Administrative costs	19 848	15 216
Professional fees	40 019	30 816
Travel expenses	3 987	4 794
Total	65 280	52 423

Auditor fees

FEES TO THE AUDITOR	2 024	2 023
Statutory auditing services	1 754	1 612
Attestation services	0	25
Non-auditing services	0	225
Total	1 754	1 862

Amounts are exclusive VAT

Note 7 Finance income and cost

	2024	2023
Internal interest income	41 916	66 071
Internal guarantee premium	3 532	3 734
Interest income	130 948	164 468
Gain on sale of subsidiaries	23 372	-
Other	5 378	1 536
Finance income	205 145	235 809
Internal interest cost	(5 758)	(512)
Interest expense	(166)	(31)
Interest expense lease liabilities	(371)	(501)
Impairment shares in subsidiaries	(876 031)	(195 869)
Net foreign exchange gain/(loss)	6 435	43 547
Expected credit loss receivables from subsidiaries	-	(37 521)
Change in fair value equity instruments	-	(7 387)
Other	(313)	(201)
Finance cost	(876 204)	(198 475)
Net finance income (cost)	(671 059)	37 333

Gain on sale of subsidiaries stems from the companies Nel Hydrogen A/S, which was fully distributed as part of the spin-off of Cavendish Hydrogen ASA during 2024. Shares in subsidiary Proton Energy Systems Inc have been impaired in 2024 and an impairment expense of NOK 876 million has been recognized as finance cost. The net foreign exchange gain(loss) is mainly the unrealised currency exchange effectes related to internal loans.

Note 8 Subsidiaries, associates and joint ventures

SUBSIDIARIES COMPANY NAME	OWNERSHIP	REGISTERED OFFICE	FUNCTIONAL CURRENCY	TOTAL EQUITY IN 2024 (FUNCTIONAL CURRENCY THOUSANDS)	NET INCOME(LOSS) 2024 (FUNCTIONAL CURRENCY THOUSANDS)	CARRYING VALUE 2024 (NOK THOUSANDS)	CARRYING VALUE 2023 (NOK THOUSANDS)
Nel Hydrogen Electrolyser AS	100%	Norway	NOK	1 345 274	(78 236)	2 412 300	1 912 006
Proton Energy Systems Inc	100%	USA	USD	71 874	(26 647)	1 310 000	1 721 703
Nel Fuel AS	100%	Norway	NOK	177 044	4 799	37 055	37 055
Total						3 759 355	3 670 763
Nel Hydrogen A/S [1)]	100%	Denmark	DKK	-	-	-	318 860
Nel Hydrogen Inc [1)]	100%	USA	USD	-	-	-	-
Nel Korea Co. Ltd [1)]	100%	South Korea	KRW	-	-	-	-
Total						3 759 355	3 989 624

The increase in book value of shares in subsidiaries are mainly debt conversions. Refer note 12 for additional information of debt conversions. In addition, there is an increase in book value from the established group share option program. Shares in subsidiary Proton Energy Systems Inc have been impaired in 2024 and an impairment expense of NOK 876 million has been recognized as finance cost.

1) The companies Nel Hydrogen A/S, Nel Hydrogen Inc and Nel Korea Co.Ltd. were fully distributed as part of the spin-off of Cavendish Hydrogen ASA during 2024.

Note 9 Income taxes

CALCULATIONS OF THE TAX BASE FOR THE YEAR	2024	2023
Income (loss) before tax	(710 568)	(6 952)
Permanent differences	854 266	242 299
Change in temporary differences	-159	6 146
Use of tax losses carried forward	(143 540)	(241 492)
The year's taxable income	(0)	-
Tax rate	22 %	22 %
Income (loss) before tax	(710 568)	(6 952)
Tax this years loss, estimated	(156 325)	(1 530)
Tax effect of:		
Permanent differences	187 939	53 210
Prior years adjustment	(5 433)	43
Change in not recognised deferred tax assets (tax liabilities)	(26 181)	(51 724)
Total income tax expense (income)	(0)	-
Income tax expense (income) comprises		
Income tax payable	-	-
Change in deferred tax	-	-
Total income tax expense (income)	-	-
Specification of temporary differences:		
Property, plant and equipment and goodwill	(442)	(373)
Leases	(459)	(479)
Provisions for liabilities	(10 454)	(10 662)
Tax losses carry forward	(14 539)	(133 383)
Basis for deferred tax asset	(25 894)	(144 897)
Nominal tax rates for next year	22 %	22 %
Deferred tax asset	(5 697)	(31 877)
Deferred tax asset not recognised in Statement of financial position	(5 697)	(31 877)
Deferred tax asset in the Statement of financial position	-	-

The majority of the deferred tax assets are related to loss carry forward. As of 31 December 2024, it is considered not likely that the tax loss carry forward will be fully utilised in the near future, therefore, the deferred tax assets are not capitalised.

Note 10 Specification of balance sheet items

SPECIFICATION OF OTHER CURRENT ASSETS:	2 024	2 023
Other short-term investments	2 260	24 013
Prepayments	3 863	3 678
Fair value of currency contracts	3 451	21 396
Other current receivables	(72)	63
Total	9 502	49 150

SPECIFICATION OF NON-CURRENT FINANCIAL ASSETS:	2 024	2 023
Other non-current investments	158 750	103 670
Fair value of currency contracts	0	407
Total	158 750	104 076

SPECIFICATION OF OTHER CURRENT LIABILITIES:	2 024	2 023
Vacation allowance and other salary related accruals	14 491	9 416
VAT net payables	17 116	6 834
Fair value of currency contracts	9 236	16 123
Other current liabilities	627	3 243
Total	41 470	35 615

Note 11 Other investments

The fair value of former shareholdings in Hyon AS was 0 million per 31.12.2023. The shares were disposed of on the 24th of January 2023 for consideration of NOK 7.04 million with a gain in financial income presented in the 2023 comparable amounts.

Note 12 Transactions with related parties

LONG TERM INTEREST BEARING RECEIVABLES GROUP	2 023	LOAN ISSUE	DEBT CONVERSION	ACCRUED INTEREST	FX TRANSLATION EFFECTS	OTHER	2 024
Nel Hydrogen Electrolyser AS	161 098	396 002	(500 000)	28 071	-	-	85 171
Proton Energy Systems Inc	57 504	392 655	(464 080)	12 015	1 908	-	1
Nel Hydrogen A/S [1)]	22 684	-	-	1 439	-	(24 123)	-
Nel Hydrogen Inc [1)]	-	-	-	-	-	-	-
Nel Korea Co. Ltd [1)]	-	-	-	-	-	-	-
Nel Hydrogen Electrolyser Belgium BV	5 929	1 029	-	391	507	-	7 856
Total	247 215	789 686	(964 080)	41 916	2 414	(24 123)	93 027

In the course of ordinary business, intercompany financing is provided by Nel ASA to its subsidiaries. Long-term financing is an interest bearing and priced at arm's length terms using a risk-free rate in relevant currencies + 3%-point margin.

1) The companies Nel Hydrogen A/S, Nel Hydrogen Inc and Nel Korea Co.Ltd. were fully distributed as part of the spin-off of Cavendish Hydrogen ASA during 2024.

LONG TERM INTEREST BEARING PAYABLES GROUP	2 023	LOAN ISSUE	DEBT CONVERSION	ACCRUED INTEREST	FX TRANSLATION EFFECTS	OTHER	2 024
Nel Fuel AS	54 503	116 181	-	5 435	-	-	176 119
Total	54 503	116 181	-	5 435	-	-	176 119

	LONG-TERM RECEIVABLE		FINANCIAL LIABILITY	
FINANCIAL GUARANTEES	2 024	2 023	2 024	2 023
Nel Hydrogen Electrolyser AS	10 781	17 608	10 781	16 699
Proton Energy Systems Inc	326	262	44	106
Nel Hydrogen A/S	-	89	-	862
Nel Korea Co. Ltd	-	1 086	-	276
Total	11 108	19 045	10 825	17 944

Refer note 18 for additional information of financial guarantees.

CURRENT ASSETS	2024	2023
Nel Hydrogen Electrolyser AS	189 783	103 317
Proton Energy Systems Inc	43 317	26 127
Nel Hydrogen A/S	0	18 912
Nel Hydrogen Inc	0	3 404
Nel Korea Co. Ltd	-	7 478
Nel Fuel AS	5 813	435
Total	238 913	159 673

CURRENT LIABILITIES	2024	2023
Nel Hydrogen Electrolyser AS	10 566	21 354
Nel Hydrogen A/S	-	4 347
Nel Hydrogen Electrolyser Belgium BV	2 581	3 850
Total	13 146	29 551

Current liabilities are mainly related to the fair value of hedging instruments offered to subsidiaries. See Note 16 for additional information.

All related party transactions have been carried out as part of the normal course of business and at arm's length.

Nel ASA has during 2024 charged NOK 103 (78) million for corporate services provided to its subsidiaries. The management services are priced with the cost-plus method applying a 5 % mark-up for low value services. The management fee has been allocated to the subsidiaries based on revenue, operating expenses and capital expenditure as allocation keys.

INTERNAL REVENUES	2024	2023
Nel Hydrogen Electrolyser AS	58 549	34 665
Proton Energy Systems Inc	33 694	23 712
Nel Hydrogen A/S	9 345	15 299
Nel Hydrogen Inc	1 477	3 358
Nel Korea Co. Ltd	332	723
Total	103 396	77 757

Board of Directors

Remuneration of the Board of Directors is disclosed in note 7.4 in the consolidated financial statements.

Note 13 Cash and cash equivalents

	2024	2023
Cash and cash equivalents	1 823 521	3 201 223
Restricted cash (witheld employee taxes)	6 991	2 885
Total	1 830 512	3 204 108

Cash and cash equivalents are 99% in the Norwegian Krone (NOK) at the end of 2024. Approximately NOK 1.6 billion is placed in 30-days locked interest accounts in several different banks.

Note 14 Share capital and shareholders

For information on shareholders as of 31 December 2024, shares hold by executive management and the board of directors please refer to Note 7.2 and 7.4, respectively, in the consolidated financial statements. For information of top 20 shareholders in Nel ASA refer to note 5.1 in the consolidated financial statements.

Note 15 Lease liabilities

Set out below are the carrying amounts of lease liabilities (included under other long-term debt and other current liabilities) and the movements during the period:

	2024	2023
1. January	10 851	13 205
Additions	-	106
Remeasurement	277	955
Accretion of interest	371	501
Lease payments	(3 986)	(3 916)
Balance as of 31.12.	7 512	10 851
Current	3 902	3 826
Non-current	3 610	7 025
Balance as of 31.12.	7 512	10 851

Maturity analysis for lease liabilities (undiscounted cash flows)

	2 025	2 026	>2026	TOTAL
Lease liabilities	3 539	292	-	3 831

(Amounts in NOK thousands)

	2 024	2 023
Balance as of 01.01.	10 851	13 205
Cash flows principal amount	(3 615)	(3 415)
Cash flows interests	(371)	(501)
Non-cash changes:		
Additions and remeasurements	277	1 061
Accretion of interest expense	371	501
Balance as of 31.12.	7 512	10 851

Note 16 Financial risk and derivatives

Financial risks in Nel and the use of derivative instruments are described in note 6.1 to the consolidated financial statement.

Nel ASA offers currency derivatives to subsidiaries using such instruments for risk management. The derivatives are measured at fair value (level 2 in fair value hierarchy), using valuation techniques which maximise the use of observable market price. The contracts with financial institutions are back-to-back with subsidiaries, thus, the contract has no P&L impact for Nel ASA. At the end of 2024 and 2023, Nel is committed to the following outstanding forward foreign exchange contracts with subsidiaries:

FORWARD FOREIGN EXCHANGE CONTRACTS (NEL GROUP INTERNAL), NOTIONAL AMOUNT:	2024	2023
Current assets	3 451	21 396
Non-current assets	-	407
Current liabilities	(9 236)	(16 123)
Total	(5 785)	5 680

The contracts represent the subsidiaries exposure in US dollars, Euro, Swedish Krone and British pounds. The contracts mature no later than 2025.

Note 17 Financial instruments

Financial instruments and fair values

2024

	CARRYING AMOUNT				FAIR VALUE			
	FAIR VALUE - HEDGING INSTRUMENTS	MANDATORILY AT FVTPL - OTHERS	FINANCIAL ASSETS AND LIABILTIES AT AMORTISED COST	TOTAL	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Assets								
Financial assets measured at fair value								
Forward exchange contracts	3 451			3 451		3 451		3 451
SUM	3 451	-		3 451	-	3 451	-	3 451
Liabilities								
Financial liabilities measured at fair value								
Forward exchange contracts	(9 236)			(9 236)		(9 236)		(9 236)
SUM	(9 236)			(9 236)		(9 236)		(9 236)

2023

	CARRYING AMOUNT				FAIR VALUE			
	FAIR VALUE - HEDGING INSTRUMENTS	MANDATORILY AT FVTPL - OTHERS	FINANCIAL ASSETS AND LIABILTIES AT AMORTISED COST	TOTAL	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Assets								
Forward exchange contracts	21 802			21 802		21 802		21 802
SUM	21 802	0		21 802	0	21 802	-	21 802
Liabilities								
Financial liabilities measured at fair value								
Forward exchange contracts	(16 123)			(16 123)		(16 123)		(16 123)
SUM	(16 123)			(16 123)		(16 123)		(16 123)

Note 18 Guarantees

Nel provides guarantees arising in the ordinary course of business including stand-by letters of credit, performance bonds and various payment, financial guarantees and parent company guarantees. All commercial guarantees are on behalf of subsidiaries.

Total financial guarantees recognised as financial liability are NOK 10.8 (17.9) million as of 31. December 2024. The financial liabilities will be amortised over the lifetime of the guarantees, which is in the range of 1-7 years.

Note 19 Subsequent events

Nel ASA and its subsidiaries initiated a process to adjust capacity to market demand by reducing the workforce and temporarily halting productions at the Alkaline production facility in Herøya, Norway.


nel·
nel·
Thursday, November 21st - 11:00
Next generation PEM technology
nel·
A century of electrolyser innovation
nel·
PEM electrolysis
High purity with only drying required
Low maintenance
Hydrogen produced at pressure
Rapid response time and cold start
Scalable to any capacity
Turnkey solutions available
nel·

8 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.

(Amounts in NOK thousands)

	ALKALINE	PEM	SUM
Planned delivery 2025	276	324	600
Delivery 2026 or later	361	0	361
Significant risk of delay or cancellation	653	0	653
Order backlog as of 31.12.2024	1 290	324	1 614

9 Auditor's report

Statsautoriserte revisorer
Ernst & Young AS

Stortorvet 7, 0155 Oslo
Postboks 1156 Sentrum, 0107 Oslo

Foretaksregisteret: NO 976 389 387 MVA
Tlf: +47 24 00 24 00

www.ey.no
Medlemmer av Den norske Revisorforening

To Annual Shareholders' Meeting of Nel ASA

INDEPENDENT AUDITOR'S REPORT

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Nel ASA (the Company) which comprise:

- The financial statements of the company, which comprise statement of financial position as at 31 December 2024 and the statement of comprehensive income, statement of cash flows and statement of changes in equity for the year then ended and notes to the financial statements, including a summary of significant accounting policies, and
- The consolidated financial statements of the group, which comprise the statement of financial position as at 31 December 2024, statement of comprehensive income, statement of cash flows and statement of changes in equity for the year then ended and notes to the financial statements, including material accounting policy information.

In our opinion:

- the financial statements comply with applicable statutory requirements,
- the financial statements give a true and fair view of the financial position of the company as at 31 December 2024 and its financial performance and cash flows for the year then ended in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act, and
- the consolidated financial statements give a true and fair view of the financial position of the group as at 31 December 2024 and its financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the EU.

Our opinion is consistent with our additional report to the audit committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company and the Group in accordance with the requirements of the relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for 2024. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Shape the future
with confidence

Revenue from sale of customised equipment and projects

Basis for the key audit matter
The Group derives a significant part of its revenues from sale of customised equipment and projects. Such projects involve revenue recognition over time based on measuring the progress towards complete satisfaction of the performance obligation. The assessment of measuring progress requires subjectivity and professional judgement and is therefore subject to uncertainty and potential misstatements. The main risks include management's use of estimates and judgments in relation to measuring progress, including determining the contract's total revenues, expected costs to complete and estimated project margin. We consider this a key audit matter because of the significant amounts and the management judgement applied in the estimates.

Our audit response
We assessed the application of accounting principles and procedures for monitoring the customised equipment and project sales. We discussed the status of contracts with management, finance and technical staff and reconciled estimated revenues and cost to budgets. For new contracts we tested the estimated revenue against agreements. We have also recalculated the measurement of progress and performed test of details e.g., vouching to invoices and hours incurred on the projects. We refer to the Groups disclosures included in note 1.5 and 2.1 in the consolidated financial statements.

Assessment of impairment of goodwill

Basis for the key audit matter
At 31 December 2024, the recorded amount of goodwill was NOK 412 million, approximately 7 % of total assets. Estimating the recoverable amount of the goodwill requires management judgment including estimates of future sales, gross margins, operating expenses, growth rates, capital expenditures and discount rate. Management's annual impairment assessment is a key audit matter because the assessment requires significant judgment and includes estimation uncertainties.

Our audit response
For each cash generating unit, we evaluated the assumptions based on the development in the market and compared the cash-flow projections in the impairment calculation to board approved budgets. We considered the accuracy of management's prior year estimates and evaluated the level of consistency applied in the valuation methodology from previous years. Furthermore, we compared the risk premiums in the weighted average cost of capital with external data and considered management's adjustments for company specific factors. We also tested the mathematical accuracy of the valuation model and performed sensitivity analysis of the assumptions used. We assessed the Group's disclosures included in note 1.5 and 3.1 in the consolidated financial statements about those assumptions to which the outcome of the impairment test is most sensitive.

Other information

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report and the other information presented with the financial statements. The other

Shape the future
with confidence

information comprises the letter from the CEO, Report from the Board of Directors, Environment, Social and Governance (“ESG”) report and the Board of Director's report in relation to the Norwegian code of practice for corporate governance. Our opinion on the financial statements does not cover the information in the Board of Directors’ report and the other information presented with the financial statements.

In connection with our audit of the financial statements, our responsibility is to read the information in the Board of Directors’ report and for the other information presented with the financial statements. The purpose is to consider if there is material inconsistency between the information in the Board of Directors’ report and the other information presented with the financial statements and the financial statements or our knowledge obtained in the audit, or otherwise the information in the Board of Directors’ report and for the other information presented with the financial statements otherwise appears to be materially misstated. We are required to report that fact if there is a material misstatement in the Board of Directors’ report and the other information presented with the financial statements. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors’ report

- is consistent with the financial statements and
- contains the information required by applicable statutory requirements

Our statement on the Board of Directors’ report applies correspondingly for the statement on Corporate Governance.

Responsibilities of management for the financial statements

Management is responsible for the preparation of the financial statements of the Company that give a true and fair view in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act, and for the preparation of the consolidated financial statements of the Group that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU. Management is responsible for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company’s and the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or the Group, or to cease operations, or has no realistic alternative but to do so.

Auditor’s responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit

Shape the future
with confidence

evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirement

Report on compliance with regulation on European Single Electronic Format (ESEF)

Opinion

As part of the audit of the financial statements of Nel ASA we have performed an assurance engagement to obtain reasonable assurance about whether the financial statements included in the annual report, with the file name NELASA-2024-12-31-0-en.zip, have been prepared, in all material respects, in compliance with the requirements of the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) and regulation pursuant to Section 5-5 of the Norwegian Securities Trading Act, which includes requirements related to the preparation of the annual report in XHTML format and iXBRL tagging of the consolidated financial statements.

In our opinion, the financial statements, included in the annual report, have been prepared, in all material respects, in compliance with the ESEF Regulation.

Management's responsibilities

Management is responsible for the preparation of the annual report in compliance with the ESEF Regulation. This responsibility comprises an adequate process and such internal control as management determines is necessary.

Auditor's responsibilities

Our responsibility, based on audit evidence obtained, is to express an opinion on whether, in all material respects, the financial statements included in the annual report have been prepared in accordance with the ESEF Regulation. We conduct our work in accordance with the International Standard for Assurance Engagements (ISAE) 3000 – "Assurance engagements other than audits or reviews of historical financial information". The standard requires us to plan and perform procedures to obtain reasonable assurance about whether the financial statements included in the annual report have been prepared in accordance with the ESEF Regulation.

As part of our work, we perform procedures to obtain an understanding of the company's processes for preparing the financial statements in accordance with the ESEF Regulation. We test whether the financial statements are presented in XHTML-format. We evaluate the completeness and accuracy of the iXBRL tagging of the consolidated financial statements and assess management's use of judgement. Our procedures include reconciliation of the iXBRL tagged data with the audited financial statements in human-readable format. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Oslo, 26 February 2025
ERNST & YOUNG AS

The auditor's report is signed electronically

Asbjørn Ler
State Authorised Public Accountant (Norway)

PENNEO

Signaturene i dette dokumentet er juridisk bindende. Dokument signert med "Penneo™ - sikker digital signatur". De signerende parter sin identitet er registrert, og er listet nedenfor.

"Med min signatur bekrefter jeg alle datoer og innholdet i dette dokument."

Ler, Asbjørn
Statsautorisert revisor
På vegne av: Ernst & Young AS
Serienummer: no_bankid:9578-5997-4-395226
IP: 147.161.xxx.xxx
2025-02-26 08:39:42 UTC

bankID

info@nelhydrogen.com
+47 23 24 89 50
www.nelhydrogen.com

Office address:
Karenslyst allé 49,
0279 Oslo, Norway