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Nel ASA

Q4 2024 report

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

Highlights – Continuing operations

- Revenue from contracts with customers (continuing operations) in the fourth quarter 2024 was NOK 416 million, in line with the fourth quarter 2023 (Q4 2023: 412). Revenue was positively impacted by delivery of alkaline electrolyser equipment whereas revenue from sale of PEM electrolyser equipment was low due to timing of project deliveries.
- Total Revenue and income in the fourth quarter 2024 was 450 million (Q4 2023: 437)
- EBITDA in the quarter was NOK -36 million (Q4 2023: -78). Alkaline had a positive EBITDA driven by higher revenues, solid gross margins on equipment deliveries and technology license milestone payments, but this was more than offset by the negative contribution from PEM.
- Net loss from continuing operation was NOK -64 million (Q4 2023: -50). The development was mainly explained by increased EBIT of NOK 17 million, more than offset by NOK 30 million decreased net financial items.
- Order intake in the quarter amounted to NOK 148 million, an 13% increase from the corresponding quarter last year (Q4 2023: 131).
- Order backlog was NOK 1 614 million at the end of the quarter, down 23% from the fourth quarter of 2023 and down 14% from the previous quarter.
- Cash balance was NOK 1 876 million at quarter end (Q4 2023: 3 363).

Key figures – Continuing operations²⁾

(Amounts in NOK million)	Q4 2024	Q4 2023	2024	2023
Revenue	416	412	1 390	1 350
EBITDA	-36	-78	-173	-272
Operating loss	-106	-123	-389	-444
Pre-tax income (loss) ¹⁾	-65	-52	-264	-574
Net income (loss) ¹⁾	-64	-50	-258	-566
Net cash flow from operating activities	25	-101	-83	-464
Cash balance end of period	1 876	3 363	1 876	3 363
Order intake	148	131	977	1 140
Order backlog	1 614	2 093	1 614	2 093

1) Pre-tax income (loss) and Net income (loss) in Q4 2023 and full year 2023 include fair value adjustments of shareholdings in Everfuel A/S and Hyon AS. This quarter includes no fair value adjustments from mentioned shareholdings. Same quarter 2023 and full year 2023 includes impact of NOK 22 million and NOK -311 million, respectively.

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

Key press releases during the quarter and subsequent events

Nel Alkaline Electrolyser

- Received a purchase order for about EUR 5 million from Samsung C&T for its nuclear connected hydrogen production plant in Korea.
- Awarded EUR 135 million in grants from the EU Innovation Fund for industrialization of next-generation electrolyser technology in Norway.
- 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.

Nel PEM Electrolyser

- Received a purchase order for about USD 7 million from steel producer in the US.
- Awarded additional USD 29 million in tax credits from the 48C program funded by the Inflation Reduction Act for manufacturing expansion in Michigan, US.

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

[Press releases | Nel Hydrogen](#)

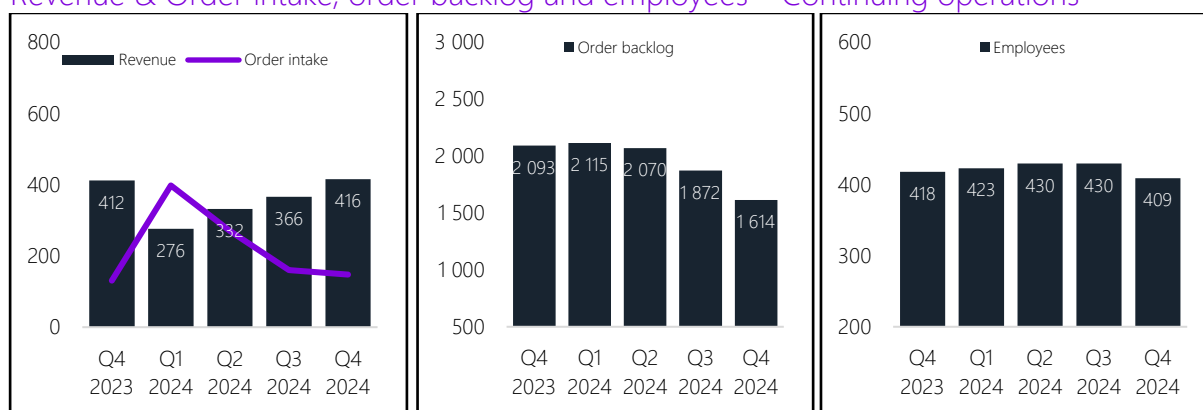
Financial development

Group

Key figures – Continuing operations

(Amounts in NOK million)	Q4 2024	Q4 2023	Change	2024	2023	Change
Revenue	416	412	1%	1 390	1 350	3%
EBITDA	-36	-78		-173	-272	
Order intake	148	131	13%	977	1 140	-14%
Order backlog	1 614	2 093	-23%			
Employees	409	418	-2%			
Total assets	6 304	7 046	-11%			

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



Nel reported revenue in line with the fourth quarter last year. Alkaline revenues grew by 10% quarter on quarter, PEM revenues declined by 12%. Alkaline revenue growth resulted from reaching delivery milestones on a large project, while the PEM segment had fewer project milestones in this quarter compared to same quarter last year.

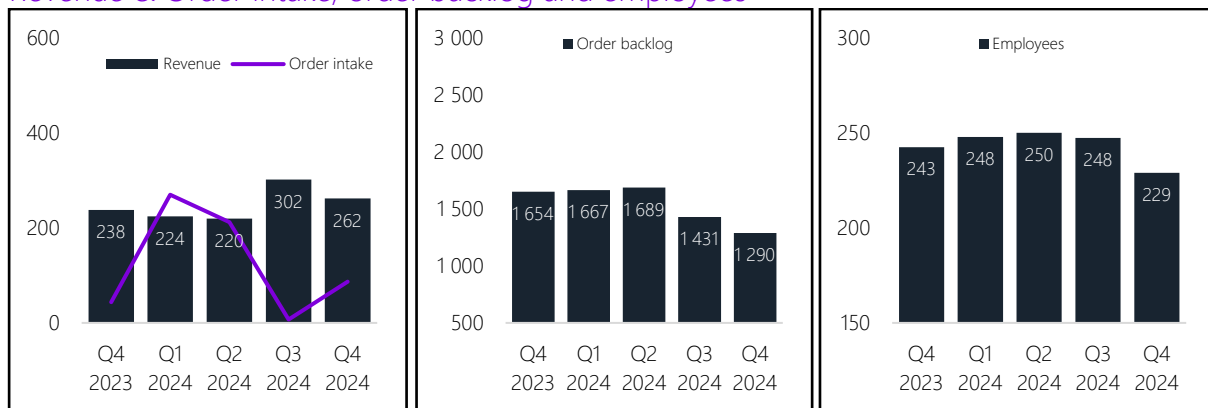
Having sufficient scale is key to winning new orders and reaching profitability. Nel has therefore over the last years invested in increased production and organizational capacity. As expected, the increased alkaline revenues in combination with solid gross margins had a positive EBITDA impact in the quarter. Final investment decisions on large target customer projects were pushed to the coming quarters and existing orders were delayed or became at risk of cancellation. During the quarter, cost reduction and capacity adjustment measures were initiated with further actions announced subsequent to the quarter. 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 2025.

Nel Alkaline Electrolyser

Key figures

(Amounts in NOK million)	Q4 2024	Q4 2023	Change	2024	2023	Change
Revenue	262	238	10%	1 009	876	15%
EBITDA	19	-7		127	-29	
Order intake	87	44	98%	577	686	-16%
Order backlog	1 290	1 654	-22%			
Employees	229	243	-6%			
Total assets	2 508	2 028	24%			

Revenue & Order intake, order backlog and employees



Nel Alkaline Electrolyser reported an 10% increase in revenue compared to fourth quarter last year. Production of electrolyser equipment at Herøya in Norway achieved milestone deliveries on contracts in the backlog according to plan, and a milestone was reached on the technology licensing agreement.

EBITDA improved by NOK 26 million compared to fourth quarter 2023 driven by higher revenues, solid gross margins on equipment deliveries and technology license milestone payments. Project margins in general are up compared to previous years as contractual terms are more favourable and execution has improved.

The order backlog for Alkaline Electrolyser ended at NOK 1 290 million. This was down NOK 141 million from the end of Q3-24 due of low order intake in the past quarter. 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 the fourth quarter 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.

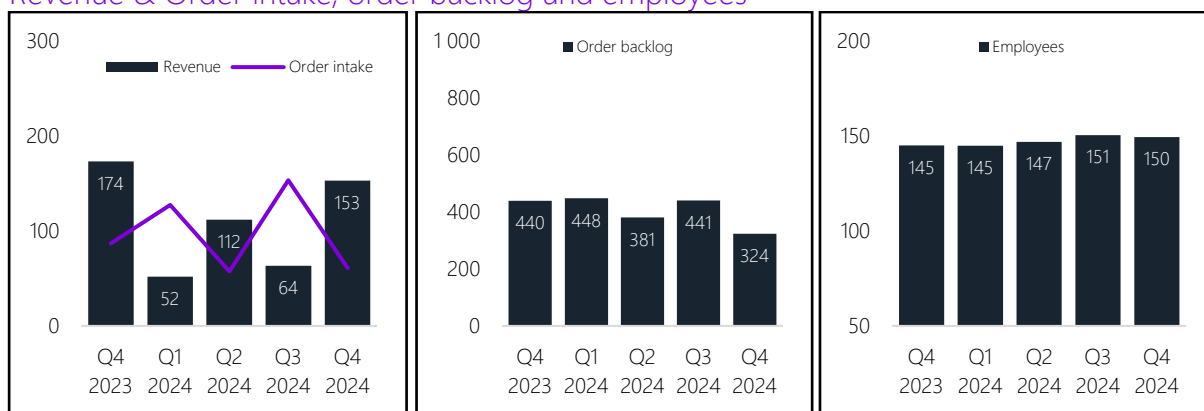
Product development for the next-generation pressurized alkaline electrolyser continues to progress well with full-size electrode testing ongoing at Nel’s test center in Notodden, Norway, and a prototype plant under construction. Nel believes this technology platform will become competitive on a levelized cost of hydrogen (LCOH) basis compared to alternative solutions currently available in the market.

Nel PEM Electrolyser

Key figures

(Amounts in NOK million)	Q4 2024	Q4 2023	Change	2024	2023	Change
Revenue	153	174	-12%	381	474	-20%
EBITDA	-22	-39		-165	-130	
Order intake	61	87	-30%	400	454	-12%
Order backlog	324	440	-26%			
Employees	150	145	3%			
Total assets	1 755	1 591	10%			

Revenue & Order intake, order backlog and employees



Nel PEM Electrolyser reported a 12% decrease in revenue compared to the same quarter last year. The revenue in fourth quarter 2024 increased compared to the other three quarters in 2024 driven by increased volumes of small-scale, kW-type hydrogen electrolyzers.

Despite a decline in revenues of NOK 21 million, the EBITDA improved by NOK 17 million compared to same quarter last year. The fourth quarter included NOK 31 million in research and development expenses compared to 24 MNOK in Q4 2023. 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.

The PEM segment reported an order backlog of NOK 324 million, down NOK 116 million from the previous quarter mainly driven by lower order intake in the quarter.

The expansion program for the Wallingford facility, which aims at increasing annual capacity from 50MW to 500MW, remained on plan and is close to completion. Increased capacity allows Nel to be a credible provider for large-scale PEM solutions. As for the alkaline division, the cost structure and utilization of the Wallingford production capacity will be adjusted to market demand.

Product development for a next-generation PEM electrolyser in collaboration with General Motors is progressing according to plan. A smaller scale test electrolyser with significantly lower material cost and improved energy efficiency is being built.

Finance – Continuing operations

(Amounts in NOK million)	Q4 2024	Q4 2023	2024	2023
Finance income				
Interest income	33	44	128	168
Change in fair value financial instruments	0	22	0	1
Other	4	5	4	5
Interest income and other finance income	37	71	132	174
Finance costs				
Interest expense	-5	-4	-16	-14
Net foreign exchange gain (loss)	8	5	14	26
Change in fair value financial instruments	0	0	-3	-311
Other	0	0	-1	-1
Interest expense and other finance costs	3	0	-7	-301
Net finance income (cost)	41	71	125	-127

Nel reported finance income of NOK 37 million (Q4 2023: 71) in the quarter, mainly driven by interest income of NOK 33 million (Q4 2023: 44) from cash and cash equivalents. The decrease in interest income can be attributed to the lower cash amount in the period. The same quarter last year had change in fair value of shareholdings of net NOK 22 million compared to NOK 0 this quarter.

Finance costs in the quarter were NOK 3 million compared to NOK 0 million in the same quarter last year.

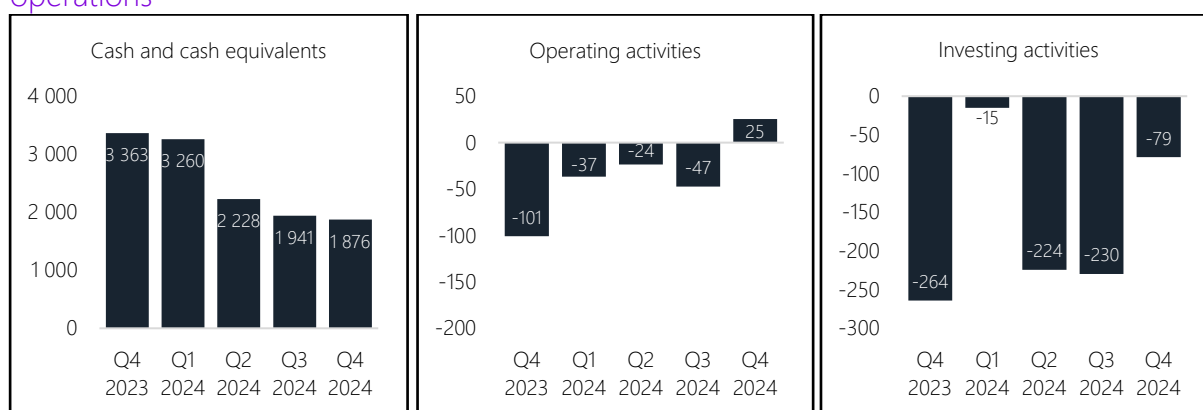
Fourth quarter 2024 included NOK 1 million (Q4 2023: 15) in currency exchange gain resulting from revaluing internal loans, caused by a weaker NOK against USD.

Cash – Continuing operations

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

(Amounts in NOK million)	Q4 2024	Q4 2023	Change	2024	2023	Change
Net cash flow from operating activities	25	-101		-83	-464	
Net cash flow from investing activities	-79	-264		-548	-598	
Net cash flow from financing activities	-12	-10		-663	1 549	
Foreign currency effects on cash	0	-4		2	0	
Net change in cash continuing operation	-65	-379		-1 292	487	
Net change in cash discontinued operation	0	-56		-196	-262	
Cash and cash equivalents OB	1 941	3 799	-49%	3 363	3 139	7%
Cash and cash equivalents	1 876	3 363	-44%	1 876	3 363	-44%

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



Financing activities in 2024 includes the cash balance of NOK 625 million of the distributed company Cavendish Hydrogen ASA.

Cash flow from operating activities was positive NOK 25 million this quarter (Q4 2023: -101). Changes in net working capital impacted cash by NOK -43 million (Q4 2023: -122) in the quarter. Since Nel has a limited set of large-scale projects, temporary mismatches between cash inflows and outflows on individual projects has a significant effect on working capital.

The purchase of property, plant and equipment totalled NOK 91 million (Q4 2023: 252) in the quarter. The accumulated amount of expenditures for 500MW PEM expansion in Wallingford in the course of construction is NOK 291 million as of 31 December 2024. The total cost to completion beyond December 2024 for the PEM expansion is around NOK 55 million.

The investing activities in the fourth quarter 2024 included net NOK 40 million (Q4 2023: 46) in changes to restricted bank deposits and collateral for bank guarantees with a maturity longer than three months at the date of purchase. Other investment activities in the quarter included capitalised internal development of next generation electrolyzers for a total of NOK 28 million (Q4 2023: 72).

Foreign currency effect on cash was limited as Nel holds a significant portion of cash in NOK, which is also the presentation currency of Nel.

Risks and uncertainty

Nel is exposed to significant risk and uncertainty factors, which may affect some or all of the group's activities. Nel is exposed to operational, financial, market and climate-related risk. These risks could occur individually or simultaneously. There are no significant changes in the risks and uncertainty factors described in our Annual Report 2024.

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. 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 come down approximately 50% 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 demonstrated in the alkaline segment in quarters with solid capacity utilisation.

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 Røtjær
Board member
(Electronically signed)

Jens Bjørn Staff
Board member
(Electronically signed)

Håkon Volldal
CEO
(Electronically signed)

Condensed interim financial statements

Consolidated statement of comprehensive income (unaudited)

(Amounts in NOK thousands)	Note	Q4 2024	Q4 2023 ³⁾ restated	2024	2023 ³⁾ restated
Revenue and income					
Revenue from contracts with customers	3	415 556	411 930	1 389 909	1 349 802
Other income		34 920	25 316	105 024	77 341
Total revenue and income		450 476	437 246	1 494 933	1 427 143
Operating expenses					
Raw materials		157 788	207 486	503 976	715 136
Personnel expenses		166 150	162 301	645 586	545 660
Depreciation, amortisation and impairment	4, 5	69 951	45 101	216 486	171 692
Other operating expenses		162 310	145 147	518 313	438 175
Total operating expenses		556 199	560 035	1 884 361	1 870 663
Operating loss		-105 723	-122 789	-389 428	-443 520
Finance income		37 359	71 035	132 076	173 755
Finance cost		3 419	411	-6 833	-300 787
Share of loss from associates and joint ventures		0	-928	0	-3 714
Net financial items		40 778	70 518	125 243	-130 746
Pre-tax income (loss)		-64 945	-52 271	-264 185	-574 266
Tax expense (income)		-1 126	-2 090	-6 554	-8 162
Net income (loss) from continuing operation		-63 819	-50 181	-257 631	-566 104
Net income (loss) from discontinued operation	7	0	-44 207	13 289	-289 092
Net income (loss) for the period		-63 819	-94 388	-244 342	-855 196
Items that are or may subsequently be reclassified to income statement:					
Currency translation differences		89 948	-66 719	92 554	-1 253
Cash flow hedges, effective portion of changes in fair value		-5 011	11 843	-52 108	-18 504
Cash flow hedges, reclassified		8 560	8 730	43 244	34 417
Other comprehensive income		93 497	-46 146	83 690	14 660
Total comprehensive income		29 678	-140 534	-160 652	-840 536
Basic EPS (figures in NOK) ¹⁾		-0.04	-0.06	-0.15	-0.52
Diluted EPS (figures in NOK) ²⁾		-0.04	-0.06	-0.15	-0.52
Weighted average number of outstanding shares (million)		1 671	1 671	1 671	1 652

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

2) Diluted earnings per share are computed using the weighted average number of ordinary shares outstanding adjusted for share options. The number of share options outstanding in Q1, Q2, Q3 and Q4 was 16 946, 11 855, 6 664 and 6 335, respectively, as potential shares.

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

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

Consolidated statement of financial position (unaudited)

(Amounts in NOK thousands)	Note	31.12.2024	31.12.2023
ASSETS			
Intangible assets	4	1 029 173	1 015 046
Property, plant and equipment	5	1 664 079	1 305 678
Other non-current assets		203 269	159 359
Total non-current assets		2 896 521	2 480 083
Inventories		531 748	703 990
Trade receivables	6	700 679	812 407
Contract assets		24 155	49 767
Other current assets		275 529	447 342
Cash and cash equivalents		1 875 580	3 363 431
Total current assets		3 407 691	5 376 937
TOTAL ASSETS		6 304 212	7 857 020
EQUITY AND LIABILITIES			
Shareholders' equity		4 977 276	6 197 736
Total equity		4 977 276	6 197 736
Deferred tax liability		34 813	38 436
Long-term debt		0	22 458
Lease liabilities		215 523	199 136
Other non-current liabilities		74 542	71 103
Total non-current liabilities		324 878	331 133
Trade payables		110 742	204 863
Lease liabilities		44 479	38 067
Contract liabilities		583 392	715 288
Other current liabilities		263 445	369 933
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 condensed consolidated financial statements (unaudited).

Consolidated statement of cash flows (unaudited)

(Amounts in NOK thousands)	Q4 2024	Q4 2023 ⁶	2024 ⁶	2023 ⁶
Cash flow from operating activities				
Pre-tax income (loss) ¹⁾	-64 945	-105 153	-250 896	-872 534
Depreciation, amortisation and impairment	69 951	59 790	240 370	225 785
Change in net working capital ²⁾	-43 360	-122 030	-94 315	-458 396
Other adjustments ³⁾	63 287	27 199	-136 740	435 477
Net cash flow from operating activities	24 933	-140 194	-241 581	-669 668
Cash flow from investment activities				
Purchases of property, plant and equipment	-91 220	-251 834	-534 230	-573 589
Payments for capitalised technology	-28 206	-72 262	-146 076	-166 242
Purchases of other investments ⁴⁾	-44 811	0	-137 918	-92 219
Investments in associates and joint ventures	0	0	0	-973
Proceeds from sales of other investments ⁴⁾	85 293	45 556	236 314	186 211
Net cash flow from investing activities	-78 944	-278 540	-581 910	-646 812
Cash flow from financing activities				
Interest paid ⁵⁾	-4 182	-4 027	-16 481	-15 461
Gross cash flow from share issues	0	0	0	1 609 200
Transaction costs connected to share issues	0	0	0	-24 696
Distribution of shares in Cavendish Hydrogen ASA ⁷⁾	0	0	-625 420	0
Payment of lease liabilities	-7 374	-7 603	-23 328	-25 773
Payment of non-current liabilities	0	-773	-759	-1 533
Net cash flow from financing activities	-11 556	-12 403	-665 988	1 541 737
Foreign currency effects on cash	429	-4 488	1 628	-376
Net change in cash and cash equivalents	-65 138	-435 625	-1 487 851	224 881
Cash and cash equivalents beginning of period	1 940 718	3 799 056	3 363 431	3 138 550
Cash and cash equivalents	1 875 580	3 363 431	1 875 580	3 363 431

1) Q4 2024 includes interests received of NOK 33 (44) million.

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

3) Other adjustments in the fourth quarter 2024 includes a fair value adjustment of financial instruments of NOK 0 million. The net fair value adjustment was NOK 22 million in the fourth quarter 2023. In addition, year to date 2024 includes NOK 144 million in non-cash impact from discontinued operation. Refer to Note 7 for additional information of reclassification of foreign currency translation reserve and gain related to distribution of discontinued operation.

4) Other investments comprise short-term shares and restricted bank deposits and collateral for bank guarantees with a maturity longer than three months at the date of purchase.

5) Interest paid includes interest expense on lease liabilities.

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

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

Consolidated statement of changes in equity (unaudited)

(Amounts in NOK thousands)	Share capital	Share premium	Treasury shares	Other component of equity	Retained earnings	Total equity
Equity as of 31.12.2022	312 665	7 098 186	-84	119 878	-2 081 037	5 449 608
Net loss					-855 196	-855 196
Currency translation differences				-1 253		-1 253
Hedging reserve				15 913		15 913
Capital increase	21 600	1 562 904				1 584 504
Options and share program					4 160	4 160
Equity as of 31.12.2023	334 265	8 661 090	-84	134 538	-2 932 073	6 197 736
Net loss					-244 342	-244 342
Currency translation differences				92 554		92 554
Hedging reserve				-8 864		-8 864
Capital increase						0
Options and share program					2 719	2 719
Distribution of shares in Cavendish Hydrogen ASA (Note 7)		-1 062 527				-1 062 527
Equity as of 31.12.2024	334 265	7 598 563	-84	218 228	-3 173 696	4 977 276

Notes to the interim financial statements

Note 1 Organisation and basis for preparation

Corporate information

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

Nel (org. no 979 938 799) was formed in 1998 and is a Norwegian public limited company listed on the Oslo Stock Exchange under the ticker "NEL". The group's head office is in Karenslyst allé 49, N-0278 Oslo, Norway.

Basis for preparation

The financial information is prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" (IAS 34). This financial information should be read together with the annual report for the year ended 31 December 2024 prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU).

The accounting policies adopted in the preparation of the condensed interim consolidated financial statements are consistent with those used in the preparation of the group's annual consolidated financial statements for the year ended 31 December 2024.

As a result of rounding differences, numbers or percentages may not add up to the total.

Discontinued operation

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

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

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

Note 2 Significant estimates, judgements and assumptions

The preparation of the interim financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities and disclosure of contingent liabilities at the date of the interim financial statements. If in the future such estimates and assumptions, which are based on management's best judgment at the date of the interim financial statements, deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate in the period in which the circumstances change.

In the process of applying the group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the condensed interim financial statements:

Judgements

- Revenue recognition
- Deferred tax asset
- Development costs
- Leases, incremental borrowing rates and lease terms

Assumptions and estimation uncertainty

- Revenue recognition
- Share-based payments
- Impairment of goodwill and intangible assets
- Expected credit loss assessment
- Fair value of distribution of non-cash assets to owners

The estimates and underlying assumptions are reviewed on an ongoing basis, considering the current and expected future market conditions. Changes in accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. Refer to the annual report of 2024 for more details related to key judgements and estimation.

Note 3 Segments

Nel identifies its reportable segments and discloses segment information under IFRS 8 Operating Segments. This standard requires Nel to identify its segments according to the organisation and reporting structure used by management. See Nel's Annual Report 2024 note 2.3 Segment information for a description of Nel's management model and segments, including a description of Nel's segment measures and accounting principles used for segment reporting. Based on the growth of the company, Nel reevaluated its segment reporting during the first quarter 2024 and is reporting its previous Electrolyser segment as two separate segments.

The executive management group is the chief operating decision maker (CODM) and monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements. Nel operates within two operating segments, Nel Alkaline Electrolyser and Nel PEM Electrolyser.

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

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

(Amounts in NOK thousands)	Q4 2024	Q4 2023	Change	YTD 2024	YTD 2023	Change
Revenue						
Nel Alkaline Electrolyser	262 410	238 418	10%	1 009 360	875 631	15%
Nel PEM Electrolyser	153 146	173 512	-12%	380 549	474 171	-20%
Total	415 556	411 930	1%	1 389 909	1 349 802	3%
EBITDA						
Nel Alkaline Electrolyser	18 804	-6 812		126 672	-28 814	
Nel PEM Electrolyser	-21 892	-39 295		-164 884	-129 772	
Corporate ¹⁾	-32 684	-31 583		-134 730	-113 244	
Total	-35 772	-77 688		-172 942	-271 828	
Investments ²⁾						
Nel Alkaline Electrolyser	58 388	116 677	-50%	421 038	439 098	-4%
Nel PEM Electrolyser	61 038	192 901	-68%	225 506	251 811	-10%
Total	119 426	309 578	-61%	646 544	690 909	-6%
Total assets ³⁾						
Nel Alkaline Electrolyser	2 508 284	2 028 033	24%			
Nel PEM Electrolyser	1 755 003	1 591 380	10%			
Corporate	2 040 925	3 426 513	-40%			
Total	6 304 212	7 045 926	-11%			

1) Corporate comprises parent company and other holding companies.

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

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

Property, plant and equipment by geographical area

(Amounts in NOK thousands)	31.12.2024	31.12.2023	Change
Norway	1 147 001	906 172	27%
Denmark	0	114 157	-100%
USA	517 078	282 856	83%
South Korea	0	2 493	-100%
Total	1 664 079	1 305 678	27%

Note 4 Intangible assets

(Amounts in NOK thousands)	Note	Goodwill	Technology	Customer relationship	Total
Carrying value of 01.01.2024		375 305	631 521	8 220	1 015 046
Additions		0	119 194	0	119 194
Amortisation		0	-72 167	-7 843	-80 010
Discontinued operation	7	0	-97 107	-498	-97 605
Currency translation differences		36 448	35 979	121	72 548
Carrying value as of 31.12.2024		411 753	617 420	0	1 029 173

Intangible assets are reviewed each quarter for impairment indicators, including market changes, technological development, order backlog and other changes that might potentially reduce the value of the assets. For goodwill, impairment tests are performed annually at year-end, and if impairment indicators are identified.

Goodwill is tested using the 'value in use' approach determined by discounting expected future cash flows. If the impairment test reveals that an asset's carrying amount is higher than its value in use, an impairment loss will be recognised.

Impairment tests are performed on two Cash Generating Units (CGUs). Goodwill and intangible assets are related to CGU Alkaline Electrolyser and CGU PEM Electrolyser.

Note 5 Property, plant and equipment

Property, plant and equipment comprise owned and leased assets

(Amounts in NOK thousands)	Note	Land, buildings and equipment	Right-of-use assets	Total
Carrying value of 01.01.2024		1 105 049	200 629	1 305 678
Additions		527 350	29 196	556 546
Remeasurements		0	22 353	22 353
Disposals		-116	0	-116
Depreciation		-106 742	-29 734	-136 476
Discontinued operation	7	-121 060	-12 473	-133 533
Currency translation differences		43 936	5 691	49 627
Carrying value as of 31.12.2024		1 448 417	215 662	1 664 079

Note 6 Trade receivables

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

(Amounts in NOK thousands)	Weighted average loss rate ¹⁾	Gross carrying amount ²⁾	Loss allowance ²⁾
Current (not past due) ³⁾	0.1 %	180 515	31 766
1-30 days past due	0.2 %	124 510	311
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	5.0 %	45 795	2 290
More than one year past due	7.0 %	403 254	28 232
Carrying value as of 31.12.2024	8.2 %	763 394	62 715

- 1) Loss rates are based on actual credit loss experience over the past two years. These rates are multiplied by a factor to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and Nel's view of economic conditions over the expected lives of the receivables.
- 2) About 73% of the net trade receivables past due are related to one customer. This quarter 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 quarter, 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.
- 3) A customer of Nel entered administration in November 2024. A provision for expected credit losses has been recognised in this quarter, adding to the loss allowance in the current (not past due) bucket.

Note 7 Discontinued operation

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

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

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

Results of discontinued operation

(Amounts in NOK thousands)	Q4 2024	Q4 2023	2024	2023
Revenue and income				
Revenue from contracts with customers	0	95 761	157 220	331 269
Other income	0	607	2 084	14 664
Total revenue and income	0	96 368	159 304	345 933
Operating expenses				
Raw materials	0	41 217	73 048	141 788
Personnel expenses	0	76 645	107 605	275 643
Depreciation, amortisation and impairment	0	14 689	23 884	54 094
Other operating expenses	0	7 118	84 854	130 391
Total operating expenses	0	139 669	289 391	601 916
Operating loss	0	-43 301	-130 087	-255 983
Finance income	0	408	2 590	1 750
Finance cost	0	-9 990	-3 685	-44 036
Share of loss from associates and joint ventures	0	0	0	0
Net financial items	0	-9 582	-1 095	-42 286
Pre-tax income (loss)	0	-52 883	-131 182	-298 269
Tax expense (income)	0	-8 675	-280	-9 177
Results of discontinued operation, net of tax¹⁾	0	-44 208	-130 902	-289 092
Reclassification of foreign currency translation reserve	0	0	51 337	0
Gain related to distribution of discontinued operations	0	0	92 854	0
Net income (loss) from discontinued operation	0	-44 208	13 289	-289 092

1) 2024 results of discontinued operation include accrued expenses of NOK 22 million for listing on Euronext Oslo Børs.

Cash flows from/(used in) discontinued operation

(Amounts in NOK thousands)	Q4 2024	Q4 2023	2024	2023
Cash flow from operating activities				
Continuing operation	24 933	-100 822	-82 836	-463 931
Discontinued operation ¹⁾	0	-39 372	-158 745	-205 737
Net cash flow from operating activities	24 933	-140 194	-241 581	-669 668
Cash flow from investing activities				
Continuing operation	-78 944	-264 162	-548 205	-597 734
Discontinued operation ¹⁾	0	-14 378	-33 705	-49 078
Net cash flow from investing activities	-78 944	-278 540	-581 910	-646 812
Cash flow from financing activities				
Continuing operation	-11 556	-9 769	-37 109	1 548 962
Discontinued operation ¹⁾	0	-2 634	-3 459	-7 225
Distribution of shares in Cavendish Hydrogen ASA ¹⁾	0	0	-625 420	0
Net cash flow from financing activities	-11 556	-12 403	-665 988	1 541 737
Net change in cash and cash equivalents				
Continuing operation	-65 138	-379 241	-666 521	486 921
Discontinued operation ¹⁾	0	-56 384	-195 910	-262 040
Distribution of shares in Cavendish Hydrogen ASA ¹⁾	0	0	-625 420	0
Net change in cash and cash equivalents	-65 138	-435 625	-1 487 851	224 881

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

Effect of distribution of the financial position

(Amounts in NOK thousands)	7 June 2024
ASSETS	
Intangible assets	-114 962
Property, plant and equipment	-131 180
Other non-current assets	-11 736
Inventories	-248 292
Trade receivables	-78 231
Contract assets	-2 311
Other current assets	-38 706
LIABILITIES	
Deferred tax liability	721
Long-term debt	22 543
Non-current lease liabilities	5 501
Other non-current liabilities	14 352
Trade payables	13 394
Current lease liabilities	4 467
Contract liabilities	125 570
Other current liabilities	94 616
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)	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023	2023
Order intake	61 252	52 380	14 227	198 565	24 524	289 696
Order backlog	321 814	364 205	411 994	491 872	358 018	364 205
EBITDA	-47 342	-28 612	-47 425	-68 362	-57 491	-201 890

Alternative Performance Measures

Nel discloses alternative performance measures (APMs) in addition to those normally required by IFRS. This is based on the group's experience that APMs are frequently used by analysts, investors and other parties as supplemental information.

The purpose of APMs is to provide an enhanced insight into the operations, financing and future prospect of the group. Management also uses these measures internally to drive performance in terms of monitoring operating performance and long-term target setting. APMs are adjusted IFRS measures that are defined, calculated and used in a consistent and transparent manner over the years and across the group where relevant.

Financial APMs should not be considered as a substitute for measures of performance in accordance with the IFRS.

Nel's financial APMs

EBITDA: is defined as earnings before interest, tax, depreciation, amortisation and impairment. EBITDA corresponds to operating profit/(loss) plus depreciation, amortisation and impairment.

EBITDA margin: is defined as EBITDA divided by revenue and income.

Equity ratio: is defined as total equity divided by total assets.

Order intake: is defined as firm purchase orders with agreed price, volume, timing, terms and conditions entered within a given period. The order intake includes both contracts and change orders. For service contracts and contracts with uncertain transaction price, the order intake is based on estimated revenue. The measure does not include potential change orders.

Order backlog: is order intake where revenue is yet to be recognised. The following table shows details of reported order backlog:

(Amounts in NOK million)	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

Title:

Q4 2024 Report

Published date:

26.02.2025

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The publication can be downloaded on

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