



Nel ASA

Q1 2021 interim report

Highlights of the quarter

- Nel ASA (Nel) reported revenue and operating income in the first quarter 2021 of NOK 156.9 million, up 24 % from the first quarter 2020 (Q1 2020: 126.5)
- Global travel restrictions and extraordinary measures related to the Covid-19 pandemic have continued to negatively impact progress on customer/partner dialogue, order intake, installation, commissioning, and production efficiency
- Order backlog reached NOK 1 085 million at the end of the quarter, up 83% from the first quarter 2020 (up 11% compared to the fourth quarter 2020)
- EBITDA of NOK -74.3 million (Q1 2020: -64.6)
- Operating loss of NOK -98.2 million (Q1 2020: -86.9) and a pre-tax loss of NOK 579.9 million (Q1 2020: -5.2), mainly related to loss from operations and a negative fair value adjustment of the shareholding in Everfuel of NOK 465.6 million
- Cash balance of NOK 3 247.8 million (Q1 2020: 1 221.4)
- Continued commercial progress
 - Awarded a EUR 13.5 million contract by Iberdrola for a 20 MW PEM solution for green fertilizer project in Spain
 - Received a purchase order (PO) for four H2Station™ modules with a value of more than NOK 40 million.
 - Entered an MoU with Haldor Topsoe with the intent to offer customer end-to-end green ammonia and methanol solutions, based on globally leading technologies from the two companies.
- Launched a 1.5 USD/kg target for green renewable hydrogen to outcompete fossil alternatives by 2025 on its first ever Capital Markets Day
- Launched the MC250 and MC500 containerized large-scale PEM electrolyzers
- Completed a successful private placement of 49.5 million new shares, at a price per share of NOK 24.75, raising NOK 1 225.1 million in gross proceeds

Subsequent events

- On April 1, Nel received a PO from HTEC for one H2Station™ hydrogen fueling station to operate in Quebec, Canada.
- On April 9 and April 26, Nel entered partnerships with major EPC companies Wood and Aibel, respectively. Nel is delivering on its partnership strategy to strengthen Nel's global delivery and project execution capabilities
- On May 3, Nel announced the collaboration with leading solar company First Solar, Inc to develop PV-hydrogen power plants
- On May 3, Nel received a PO from H2 Energy for a 2 MW, fully containerized MC400 PEM electrolyser

Key figures

<i>(unaudited amounts in NOK million)</i>	Q1 2021	Q1 2020	Full year 2020
Revenue and operating income	156.9	126.5	651.9
Operating expenses	255.0	213.4	1 066.4
EBITDA	-74.3	-64.6	-251.5
Operating loss	-98.2	-86.9	-414.5
Pre-tax income (loss) ¹⁾	-579.9	-5.2	1 245.5
Net income (loss) ¹⁾	-578.1	-3.2	1 261.9
Net cash flow from operating activities	-184.6	-4.7	-215.9
Cash balance end of period	3 247.8	1 221.4	2 332.9

1) Q1 2021 includes a negative fair value adjustment of the shareholding in Nikola Corporation of NOK -13.1 million (a value of USD 13.89 per share as of March 31, 2021). The fair value adjustment was NOK 8.6 million and NOK 100.2 million in the first quarter 2020 and full year 2020, respectively. A USD 10 increase/reduction in the share price of Nikola Corporation will lead to gains/losses of about NOK 100 million with a USD/NOK of 9.0.

Q1 2021 includes a negative fair value adjustment of the shareholding in Everfuel of NOK -465.6 million (a value of NOK 87.33 per share as of March 31, 2021). The fair value adjustment was NOK 0.0 and NOK 1 531.8 million in the first quarter 2020 and full year 2020, respectively. The Everfuel shares are subject to a lock-up expiring on October 29, 2021. A NOK 10 increase/reduction in share price of Everfuel will lead to gains/losses of about NOK 120 million.

Financial development

Nel revenues and operations have been and are expected to continue to be negatively impacted by disruptions in the value chain, travel restrictions and general business slowdown caused by Covid-19. Despite the impact, Nel remains committed to its strategy and has since 2019 taken on additional costs to prepare for future growth.

Nel reported revenue and operating income in the first quarter 2021 of NOK 156.9 million (126.5), following a growth in the Fueling segment of 66.2% offset by decline in the Electrolyser segment of 9.1%, compared to the same quarter in 2020.

At the end of the first quarter 2021, Nel had an order backlog of NOK 1 084.9 million, up from NOK 592.3 million a year earlier. Order intake is expected to vary between quarters as the individual order size increases.

Total operating expenses comprises raw materials expenses, personnel expenses, depreciation, amortisation and impairment and other operating expenses. The total operating expenses in the quarter has increased by 19.5%, to NOK 255.0 million up from NOK 213.4 million same quarter last year.

Raw material expenses have increased with 7.8% from first quarter 2020. The increased raw materials are related to the increased costs from project execution in the Fueling and Electrolyser divisions.

Personnel expenses increased by 23.3% compared to the same quarter in 2020, which is explained by a higher number of employees, up from 354 employees by the end of first quarter 2020 to 437 at the end of first quarter 2021. Contracted personnel come in addition.

Other operating expenses increased by 42.5%. The high level of personnel and other operating costs are the results of Nel's strategic decision to pursue growth and higher activity levels.

Costs for the share option incentive program, which are included in personnel expenses, were NOK 2.4 million (3.0) in the quarter.

EBITDA ended at NOK -74.3 million (-64.6), while the EBITDA margin was -47.4% (-51.0%). Nel's customer projects often include new geographies, customer segments, technological components and/or products leading to additional costs and increased risk.

Depreciation, amortisation and impairment were NOK 23.8 million (22.4) in the quarter.

Operating loss amounted to NOK -98.2 million (-86.9) in the period.

Net financial items amounted to a loss of NOK 481.8 million (81.7) and was driven by a negative fair value adjustment of the shareholding in Everfuel of NOK 465.6 million.

Pre-tax loss was NOK 579.9 million (-5.2) in the quarter and the net loss was NOK 578.1 million, compared to a loss of NOK -3.2 million in the same quarter 2020.

Total comprehensive income is negative with NOK 598.6 million (128.6). There was a negative currency translation difference, net of tax, of NOK -16.2 million in the quarter (132.1) related to converting statement of financial position from subsidiaries in USD and DKK into NOK using a lower currency rate than in the previous quarter.

Total assets were NOK 6 778.5 million at the end of the quarter, compared to NOK 6 136.7 million at the end of 2020, mainly due to an increase of cash from share capital increases in February offset by the decline in fair value of equity

instruments. Total equity was NOK 6 081.5 million, thus, the equity ratio was 89.7%.

Net cash flow from operating activities in the quarter was NOK -184.6 million, compared to NOK -4.7 million in the first quarter in 2020. The development is mainly due to increased working capital as Nel has continued progress on the performance of customer contracts. Trade receivables and contracts assets increased by NOK 90.2 million compared to end of 2020. In addition, personnel and operating expenses were NOK 34.1 million higher in this quarter compared to same quarter last year as Nel continues to invest in its organisation. Net cash flow from investing activities was NOK -104.9 million (-116.8).

Nel's cash balance at the end of first quarter 2021 was NOK 3 247.8 million. The increase from end of 2020 is mainly due to raising net proceeds of NOK 1 209.7 million from the share capital increase in February. This is partly offset by negative cash flow from operations and investments.

Nel in brief

Nel is a global, dedicated hydrogen company, delivering optimal solutions to produce, store and distribute hydrogen from renewable energy. The company serves industries, energy and industrial gas companies with leading green hydrogen production technology.

Since our origins in 1927 as part of Norsk Hydro, we have a proud history of development and continuous improvement of hydrogen technologies.

Our hydrogen solutions cover important parts of the value chain: from hydrogen production technologies to hydrogen fueling stations, enabling industries to transition to green hydrogen, and providing fuel cell electric vehicles with the same fast fueling and long range as fossil-fuelled vehicles - without emissions.

Nel Hydrogen Electrolyser

Production and installation of electrolyzers for hydrogen production.

Nel Hydrogen Electrolyser is the world's largest electrolyser manufacturer, offering both alkaline and PEM (proton exchange membrane) technology globally. The company's roots date to 1927, when Norsk Hydro developed large-scale electrolyser plants, providing renewable hydrogen for use in ammonia production with fertiliser as the end-product. Since then, Nel's electrolyser technology has improved continuously, delivered across the world, and has set the industry standard for performance and total cost of ownership.

Historically, hydrogen has primarily been used as an input factor for a broad spectrum of industrial applications and products, such as ammonia, refineries, methanol, edible oil, chemicals, metallurgy, glass, electronics, generator cooling,

polysilicon used in photovoltaic solar panels, and other industrial applications.

Of the total global hydrogen market, only around 1% of the hydrogen is generated via water electrolysis. However, electrolysis is expected to grow in market share, mainly driven by the decreasing cost of renewable energy, increased share of intermittent (wind and solar) energy, decreasing cost of electrolyzers, and an increasing focus on climate and air quality.

The overall hydrogen market is also expected to grow significantly in the coming years, with hydrogen being used as a zero-emission fuel for mobility and as a way of decarbonising various industrial sectors like the replacement of coal in the metal industry, and other hard-to-decarbonise sectors. The process of converting renewable electricity to hydrogen and utilising hydrogen both in existing and new markets, is referred to as "power-to-X", where X refers to the various applications for hydrogen.

A step-change in the size of power-to-X projects is beginning worldwide, as projects are moving to megawatt-scale. This trend is welcomed by Nel, as it makes the group's portfolio of large-scale electrolyser solutions increasingly relevant.

Commercial sales of electrolyzers began in the 1970s and there has since delivered over 3500 electrolyser units in more than 80 countries. The electrolyser business area has manufacturing facilities in Notodden, Norway, and in Wallingford, Connecticut, USA. The company has a global reach through its in-house sales operation and network of agents across the globe.

Today, Nel has a complete product portfolio of both alkaline and PEM electrolyzers and is also continuously developing and improving both technologies. Initiatives include a next generation large scale, pressurised alkaline electrolyser as well as larger PEM stacks, and large-scale solutions

which allow for significant cost reductions on a system level.

With increasing demand for large scale electrolysers, Nel has also decided to significantly increase its manufacturing capacity of atmospheric alkaline electrolysers. In 2020 Nel secured a location for the new manufacturing plant at Herøya, Norway, and targets to have an initial capacity of 500 MW/year, more than 12 times current capacity. The capacity at the new plant can be further expanded to beyond 2 GW/year. The Herøya plant will be highly automated and significant production cost reductions are expected. These cost reductions will be important in making renewable hydrogen cost competitive with fossil hydrogen and fossil fuels.

Reduced cost and new large-scale solutions should enable Nel to penetrate new markets, as well as increase its competitiveness in existing ones. And gradually, Nel aims to replace the various fossil solutions for hydrogen production on which the world currently relies.

Nel Hydrogen Fueling

Production of hydrogen fueling stations for cars, buses, trucks, forklifts and other applications.

Nel Hydrogen Fueling is a leading manufacturer of hydrogen fueling stations that provide FCEVs (Fuel Cell Electric Vehicles) with the same fast fueling and long range as conventional fossil fuel vehicles. Since Nel began manufacturing hydrogen fueling stations in 2003, we have invested significantly in R&D. Today, Nel is one of the global leaders on hydrogen fueling stations for mobility applications. The H2Station™ technology is now being utilized daily in several European countries as well as in South Korea and California, US, providing forklifts, passenger vehicles, buses and trucks hydrogen, driving the transition to zero emission mobility.

Nel was among the first to achieve compliance with the international hydrogen fueling standard (SAE J2601) required by major car manufacturers. With the H2Station™ technology, Nel's ambition is to maintain the position as a preferred supplier for international hydrogen fueling infrastructure operators.

Nel's H2Station™ manufacturing plant is located in Herning, Denmark. It has a capacity of 300 H2Station™ modules per year, leaving room for significant growth. Combining technology innovations with increased manufacturing capacity should enable Nel to further reduce the cost of our leading hydrogen fueling station solutions.

Our target is to enable hydrogen to outcompete fossil fuels for an increasing number of applications, and eventually to become a preferred fuel alternative. Increased activities in the heavy-duty segment (buses, trucks etc.) has encouraged Nel to step up technology developments, and to launch new products, better suited for heavy-duty applications. Significant technology developments will continue going forward to support these new applications.

All in all, our combined electrolyser and fueling activities are supporting our vision:

"empowering generations with clean energy forever"

Developments

Nel Hydrogen Electrolyser

Nel Hydrogen Electrolyser reported revenue and operating income of NOK 64.5 million in the first quarter of 2021, a decrease of 9% from NOK 70.9 million in the same quarter 2020. Norway has a decrease of 63% from lower sales of alkaline electrolyzers, while the US has an increase of 26% from sales of PEM electrolyzers. Nel Hydrogen Electrolyser has been particularly negatively impacted by the general business slow down and delay in closing orders resulting from Covid-19.

EBITDA was NOK -26.8 million in the first quarter of 2021, in line with NOK -24.9 million in the same quarter in 2020. The negative EBITDA was mainly due to higher costs levels and lower margins in Norway and US as well as a general negative impact on operations due to Covid-19.

Employees in Nel Hydrogen Electrolyser has increased from 165 employees by the end of first quarter 2020 to 196 at the end of first quarter 2021, driven by increase in project and production personnel.

Nel received a PO for a 20 MW PEM electrolyser from Iberdrola

Nel was awarded a EUR 13.5 million contract by Iberdrola for a 20 MW PEM solution for green fertilizer project in Spain. The hydrogen plant is scheduled to commence operations in 2021.

Nel launched the MC250 and MC500 containerized large-scale PEM electrolyzers

Nel officially launched the MC250 and MC500, representing automated MW-class on-site hydrogen generators utilizing a modular containerized design for ease of installation and integration. The containerized MC250 and MC500 will be delivered as standard 1.25 and 2.5 MW (246 and 492 Nm3/h) configurations, respectively.

Nel entered an MoU with Haldor Topsoe

Nel entered an MoU with Haldor Topsoe with the intent to offer customer end-to-end green ammonia and methanol solutions, based on globally leading technologies from the two companies. Under the MoU, Haldor Topsoe will supply engineering, proprietary hardware, catalyst and technical service for its ammonia and methanol technologies.

Herøya

Nel is expanding electrolyser production to accommodate large-scale projects by constructing a fully automated manufacturing facility at Herøya, Norway. This factory will represent the first industrial-scale production of the most efficient electrolyzers on the market, at a game-changing low cost.

The amount of expenditures recognised in the carrying amount for Herøya expansion in the course of construction is NOK 153.6 (13.8) million as of 31 March 2021 (NOK 39.6 million in Q1 2021). Total contractual commitments beyond March 2021 to complete the Herøya expansion in the Electrolyser division are NOK 179.8 million.

The manufacturing facility is scheduled to have its test phase during Q2 2021 and ramp up phase in Q3 2021.

Subsequent events:

On April 9 and April 26, Nel entered into framework agreements with Wood and Aibel, respectively. The companies will leverage their capabilities to develop large scale, complex hydrogen projects and the partnerships will add significant value to Nel's global delivery and project execution abilities. On May 3, Nel announced the collaboration with leading solar company First Solar, Inc to develop PV-hydrogen power plants. On May 3, Nel received a PO from H2 Energy for a 2 MW, fully containerized MC400 PEM electrolyser.

Nel Hydrogen Fueling

Nel Hydrogen Fueling reported revenue and operating income of NOK 92.4 million in the first quarter 2021, a growth of 66% from NOK 55.6 million in the same quarter 2020.

EBITDA of NOK -30.3 million in the first quarter of 2021 has decreased from NOK -26.8 million in the same quarter in 2020. The reduction was mainly related to higher costs levels and lower margins as well as a general negative impact on operations due to Covid-19.

Nel Hydrogen Fueling has seen a large increase in the utilisation of many of the stations installed, enabling accelerated learnings and improvements both within product maturity and overall reliability. Fueling a hydrogen car needs to be as easy and reliable as fueling a gasoline or diesel vehicle. A hydrogen fueling station is a complex and relatively new technology and the hydrogen industry, incl. Nel, still works with maturing the technology as well as investing in service and maintenance, robustness and reliability. Nel will continue to incur costs related to these activities.

Employees in Nel Hydrogen Fueling has increased from 163 employees by the end of first quarter 2020 to 222 at the end of first quarter 2021, driven by increase in service technicians and development personnel.

Nel received a PO for an additional four H2Station™ hydrogen fueling stations from Iwatani

Nel received a PO for an additional four H2Station™ hydrogen fueling stations for fueling of light-duty vehicles in California from Iwatani Corporation of America. The value of the purchase order is more than NOK 40 million for the four H2Station™ modules which will be delivered in addition to the 14 H2Station™ modules ordered from Iwatani in 2020.

Subsequent events:

On April 1, Nel received a PO from HTEC for one H2Station™ hydrogen fueling station. This project will build on the existing collaboration between HTEC and Nel, by adding an additional station and expanding the HTEC network of hydrogen fueling stations in Quebec, Canada.

Corporate developments

Private placement in Nel with NOK 1 225.1 million in gross proceeds

Completed a successful private placement of 49.5 million new shares in February 2021, at a price per share of NOK 24.75, raising NOK 1 225.1 million in gross proceeds.

Organizational developments

In January 2021 Caroline Duyckaerts joined Nel as Chief Human Resources Officer. Mrs. Duyckaerts comes from the position as head of HR for one of Hydro's business area. Robert Borin was appointed SVP Nel Fueling Division from 6 April 2021. Previous to joining Nel, Mr. Borin held several senior management positions in Vestas and Siemens. From the same date, Jørn Rosenlund transitioned into a new role as Chief Strategy Officer.

Finance

<i>(unaudited amounts in NOK thousands)</i>	Q1 2021	Q1 2020	Full year 2020
Finance income			
Interest income	4 279	4 137	14 356
Change in fair value financial instruments	2 612	8 627	1 632 006
Other	858	162	29 205
Interest income and other finance income	7 749	12 926	1 675 567
Finance costs			
Interest expense	-2 333	-2 481	-9 605
Capitalised interest	1 395	1 266	5 181
Net foreign exchange gain (loss)	-9 693	70 648	-11 967
Change in fair value financial instruments	-478 621	0	0
Other	-250	-310	-399
Interest expense and other finance costs	-489 502	69 123	-16 789
Net finance income (cost)	-481 753	82 049	1 658 777

Nel reported finance income of NOK 7.7 million in the first quarter 2021, mainly consisting of interest income from cash and cash equivalents.

Finance costs in the first quarter 2021 was NOK -489.5 million compared to 69.1 million in first quarter 2020. The increase in finance cost compared with first quarter 2020 is mainly due to a change in fair value of Nel's shareholding in Everfuel of NOK -465.6 million (a value of NOK 87.33 per share as of March 31, 2021). In addition, negative change in fair value of shareholdings in Nikola Corporation of NOK -13.1 million. The sum of fair value adjustment for both shareholdings was NOK 8.6 million in the first quarter 2020. First quarter 2021 includes NOK -9.7 (71.1) million in unrealised currency exchange gain (loss) resulting from revaluing internal loans.

Risks and uncertainty factors

Nel is exposed to risk and uncertainty factors, which may affect some or all the group's activities. Nel is exposed to financial, market and operational risk. In addition, there is risk related to technology, implementation and execution of current and future products, and the Covid-19 situation. There are no significant changes in the risks and uncertainty factors described in our Annual Report for 2020.

Outlook

Despite the effects of Covid-19 on business activity, Nel continues to look to the future with enthusiasm and clarity of purpose. Global adoption of hydrogen-related technologies and infrastructure have grown significantly in recent years, and hydrogen generally is finding broad support in government and industrial initiatives. The capital markets, our customers and other industry stakeholders have also continued to demonstrate support for the growth and investment strategy that has been Nel's focus in the past several years. We remain committed to this strategy for the foreseeable future.

Nel aims to capitalize on the developing opportunities within industrial hydrogen, for hydrogen as an important energy carrier and storage medium, and hydrogen fueling for mobility and in particular for heavy duty vehicles such as trucks and buses. All these applications have tremendous overall potential, and it seems that the hydrogen market expands substantially for every year that passes. By leveraging our position as a technology front-runner, and a continued high focus on safety, global presence,

cost leadership, strong financing and preferred-partner status for industry participants, we look forward to a future hydrogen landscape where Nel remains an important global player. Competition is intensifying as Nel and others are ramping up production capacity. This is expected to add pressure on gross margins in the medium term.

To maintain and strengthen our leading position in this growing market, Nel will continue to accelerate investments into our international organization, our alkaline and PEM technology platforms, and scale. By building sufficient and flexible capacity to accommodate multi-billion NOK orders, we intend to meet the accelerating demand for industrial and infrastructure applications of our products globally. During 2021, Nel plans to add more than 100 new employees and deploy approximately 25% of capital raised during 2020 in plant, equipment, and technology development projects. This ramp-up is expected to result in significantly negative EBITDA in 2021. Over time, Nel expects that increasing revenues will support cost reduction and scale effects leading to profitability. Our counterparties expect that Nel will be a financially strong and stable counterparty and partner as the global hydrogen market continues to expand, and contracts continue grow in size and scope.

Nel will continue to invest in our leading position in the hydrogen landscape as energy markets globally undergo their monumental transition into sustainability and diminished emissions.

We look forward to the many challenges ahead and intend to meet them with know-how and determination, and in the best interests of our stakeholders.

Oslo, 4 May 2021

The Board of Directors

Ole Enger

Chair

(Electronically signed)

Beatriz Malo de Molina

Board member

(Electronically signed)

Charlotta Falvin

Board member

(Electronically signed)

Finn Jebsen

Board member

(Electronically signed)

Hanne Blume

Board member

(Electronically signed)

Tom Røtjer

Board member

(Electronically signed)

Jon André Løkke

CEO

(Electronically signed)

Condensed interim financial statements

Consolidated statement of comprehensive income (unaudited)

(amounts in NOK thousands)	Note	Q1 2021	Q1 2020	Full year 2020
Revenue and operating income				
Revenue from contracts with customers		145 247	116 782	558 601
Other operating income		11 609	9 745	93 280
Total revenue and operating income	3	156 856	126 527	651 881
Operating expenses				
Raw materials		82 233	76 297	393 982
Personnel expenses		94 360	76 506	329 402
Depreciation, amortisation and impairment	4, 5	23 843	22 353	162 952
Other operating expenses		54 570	38 286	180 042
Total operating expenses		255 007	213 442	1 066 378
Operating loss		-98 151	-86 915	-414 497
Finance income		7 749	12 926	1 675 567
Finance cost		-489 502	69 123	-16 789
Share of profit (loss) from associates and joint ventures		0	-374	1 242
Net financial items		-481 753	81 675	1 660 020
Pre-tax income (loss)		-579 904	-5 240	1 245 523
Tax expense (income)		-1 840	-2 009	-16 357
Net income (loss)		-578 064	-3 231	1 261 880
<i>Items that are or may subsequently be reclassified to income statement:</i>				
Currency translation differences		-16 203	132 064	18 151
Cash flow hedges, effective portion of changes in fair value		-3 901	-6 590	14 050
Cash flow hedges, reclassified		-482	6 357	-1 820
Other comprehensive income		-20 585	131 831	30 380
Total comprehensive income		-598 649	128 600	1 292 261
Basic EPS (figures in NOK) ¹⁾		-0.45	0.00	0.90
Diluted EPS (figures in NOK) ¹⁾		-0.45	0.00	0.88
Weighted average number of outstanding shares (million)		1 291	1 291	1 409

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

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

Consolidated statement of financial position (unaudited)

(amounts in NOK thousands)	Note	31.03.2021	31.12.2020
ASSETS			
Intangible assets	4	1 085 680	1 091 767
Property, plant and equipment	5	412 813	378 052
Other non-current assets		108 514	73 124
Total non-current assets		1 607 007	1 542 943
Inventories		245 645	237 129
Trade receivables		194 018	101 449
Contract assets		125 618	127 976
Other current assets		1 358 451	1 794 345
Cash and cash equivalents		3 247 802	2 332 854
Total current assets		5 171 534	4 593 753
TOTAL ASSETS		6 778 540	6 136 696
EQUITY AND LIABILITIES			
Shareholders' equity		6 081 516	5 468 316
Total equity		6 081 516	5 468 316
Deferred tax liability		52 590	55 144
Long-term debt		28 482	30 284
Lease liabilities		89 823	77 125
Other non-current liabilities		71 228	74 741
Total non-current liabilities		242 123	237 294
Trade payables		71 156	81 570
Lease liabilities		9 287	14 291
Contract liabilities		242 039	193 082
Other current liabilities		132 419	142 142
Total current liabilities		454 902	431 085
Total liabilities		697 024	668 379
TOTAL EQUITY AND LIABILITIES		6 778 540	6 136 696

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

Consolidated statement of cash flows (unaudited)

(amounts in NOK thousands)	Q1 2021	Q1 2020	Full year 2020
Cash flow from operating activities			
Pre-tax income (loss) ¹⁾	-579 904	-5 240	1 245 523
Depreciation, amortisation and impairment	23 843	22 353	162 952
Change in net working capital	-110 021	17 373	-35 422
Other adjustments ²⁾	481 465	-39 138	-1 588 938
Net cash flow from operating activities	-184 616	-4 653	-215 886
Cash flow from investment activities			
Purchases of property, plant and equipment	-35 212	-21 385	-148 539
Payments for capitalised technology	-31 592	-25 763	-83 659
Purchases of other investments ³⁾	-37 378	-56 638	-57 880
Investments in other financial assets	0	-12 998	-12 998
Investments in associates and joint ventures	-700	0	-567
Sale of subsidiaries, net of cash sold	0	0	-19 829
Acquisition of subsidiaries, net of cash acquired	0	0	26 022
Proceeds from sales of other investments ³⁾	0	0	3 019
Net cash flow from investing activities	-104 882	-116 785	-294 430
Cash flow from financing activities			
Interest paid ⁴⁾	-968	-1 238	-4 411
Gross cash flow from share issues	1 225 125	847 013	2 383 259
Transaction costs connected to share issues	-15 457	-28 251	-68 297
Proceeds from new loan	0	0	16 395
Payment of lease liabilities	-3 073	-2 556	-10 915
Payment of non-current liabilities	-456	-629	-2 320
Net cash flow from financing activities	1 205 171	814 338	2 313 710
Foreign currency effects on cash	-725	2 475	3 478
Net change in cash and cash equivalents	914 948	695 376	1 806 872
Cash and cash equivalents beginning of period	2 332 854	525 982	525 982
Cash and cash equivalents	3 247 802	1 221 358	2 332 854

- 1) Q1 includes interests received of NOK 4.3 (4.4) million.
- 2) Q1 2021 includes a negative fair value adjustment of the shareholding in Nikola Corporation of NOK 13.1 million (USD 13.89 per share as of March 31, 2021). The fair value adjustment was NOK 6.8 million in Q1 2020. In addition, Q1 2021 includes a negative fair value adjustment of the shareholding in Everfuel of NOK 465.6 million (a value of NOK 87.33 per share as of March 31, 2021). The fair value adjustment was NOK 0.0 in the first quarter 2020.
- 3) Purchases of other investments comprises bank deposits and advance payment guarantees with a maturity longer than three months at the date of purchase.
- 4) Interest paid includes interest expense on lease liabilities.

Consolidated statement of changes in equity (unaudited)

<i>(amounts in NOK thousands)</i>	Share capital	Share premium	Treasury shares	Other components of equity	Retained earnings	Total equity
Equity as of 31.12.2019	244 421	2 089 418	-14	51 649	-538 855	1 846 618
Net income					1 261 880	1 261 880
Currency translation differences				18 151		18 151
Hedging reserve				12 230		12 230
Capital increase	37 139	2 277 822				2 314 961
Options and share program		65	-65		7 681	7 681
Other changes					6 795	6 795
Equity as of 31.12.2020	281 559	4 367 306	-79	82 029	737 501	5 468 316
Net loss					-578 064	-578 064
Currency translation differences				-16 203		-16 203
Hedging reserve				-4 382		-4 382
Capital increase	9 900	1 199 768				1 209 668
Options and share program		0	0		2 181	2 181
Equity as of 31.03.2021	291 459	5 567 074	-79	61 444	161 617	6 081 516

Notes to the interim financial statements

Note 1 Organisation and basis for preparation

Corporate information

Nel is a global, dedicated hydrogen company, delivering optimal solutions to produce, store, and distribute hydrogen from renewable energy. We serve industries, energy, and gas companies with leading hydrogen technology. Our roots date back to 1927, and since then, we have had a proud history of development and continuous improvement of hydrogen technologies. Today, our solutions cover the entire value chain: from hydrogen production technologies to hydrogen fueling stations, enabling industries to transition to green hydrogen, and providing fuel cell electric vehicles with the same fast fueling and long range as fossil-fueled vehicles - without the emissions. The group has two divisions: Nel Hydrogen Electrolyser and Nel Hydrogen Fueling.

Nel (org. no 979 938 799) was formed in 1998 and is a Norwegian public limited company listed on the Oslo Stock Exchange. The group's head office is in Karenslyst allé 49, N-0278 Oslo, Norway. The condensed interim consolidated financial statements were authorised for issue by the Board of Directors on 4 May 2021.

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 2020 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 2020.

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

Note 2 Significant estimates, judgements and assumptions

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

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

Judgements

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

Assumptions and estimation uncertainty

- Share-based payments
- Impairment of goodwill and intangible assets

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 2020 for more details related to key judgements and estimation.

As a result of the outbreak of Covid-19 during the first half of 2020, all significant estimates and underlying assumptions have been reviewed in the light of this new situation. Nel has focused on the estimates related to expected credit loss on trade receivables and contract assets, reviewing credit risk and risk of default including the loss given default. Nel has not identified any significant Covid-19 related impact to these condensed consolidated financial statements as of 31 March 2021.

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 2020 note 2.3 Segment information for a description of Nel's management model and segments, including a description of Nel's segment measures and accounting principles used for segment reporting.

The executive management group is the chief operating decision maker (CODM) and monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements. Nel operates within two operating segments, Nel Hydrogen Electrolyser and Nel Hydrogen Fueling. For more information on the segment's operation, see section 'Nel in brief' on pages 6-7.

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)	Q1 2021	Q1 2020	Change
Revenue and operating income			
Nel Hydrogen Electrolyser	64 477	70 934	-9%
Nel Hydrogen Fueling	92 379	55 593	66%
Total	156 856	126 527	24%
EBITDA			
Nel Hydrogen Electrolyser	-26 754	-24 947	
Nel Hydrogen Fueling	-30 289	-26 816	
Other and eliminations ¹⁾	-17 265	-12 799	
Total	-74 308	-64 562	
Investments ²⁾			
Nel Hydrogen Electrolyser	49 402	34 358	44%
Nel Hydrogen Fueling	17 403	25 789	-33%
Total	66 804	60 147	11%
Total assets ³⁾			
Nel Hydrogen Electrolyser	1 423 939	1 347 997	6%
Nel Hydrogen Fueling	926 462	816 691	13%
Other and eliminations ¹⁾	4 428 139	1 264 958	250%
Total	6 778 540	3 429 646	98%

1) Other and eliminations 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.

(amounts in NOK thousands)	31.03.2021	31.03.2020	Full year		
			Change	2020	Change
Norway	246 671	128 764	92%	210 548	17%
Denmark	114 003	111 478	2%	114 489	0%
USA	48 170	56 007	-14%	48 622	-1%
South Korea	3 969	2 942	35%	4 392	-10%
Total	412 813	299 192	38%	378 052	9%

Note 4 Intangible assets

(amounts in NOK thousands)	Goodwill	Technology	Customer relationship	Total
Carrying value of 01.01.2021	619 731	427 341	44 695	1 091 767
Additions	0	31 592	0	31 592
Amortisation	0	-12 640	-3 051	-15 691
Currency translation differences	-13 468	-7 670	-850	-21 988
Carrying value as of 31.03.2021	606 263	438 624	40 794	1 085 680

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

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

Impairment tests are performed on three Cash Generating Units (CGU's). Goodwill and intangible assets are related to CGU Electrolyser Norway, CGU Electrolyser US and CGU Fueling.

Note 5 Property, plant and equipment

Property, plant and equipment comprise owned and leased assets

(amounts in NOK thousands)	Land, buildings and equipment	Right-of-use assets	Total
Carrying value of 01.01.2021	302 106	75 946	378 052
Additions	36 607	9 259	45 866
Remeasurements	0	300	300
Depreciation	-4 359	-3 794	-8 152
Currency translation differences	-3 075	-177	-3 253
Carrying value as of 31.03.2021	331 279	81 534	412 813

The amount of expenditures recognised for Herøya expansion in the course of construction is NOK 153.6 million as of 31 March 2021. Total contractual commitments beyond March 2021 to complete the Herøya expansion in the Electrolyser division are NOK 179.8 million.

Note 6 Equity instruments

Nikola Corporation

(amounts in thousands)	Shareholding ¹⁾	Fair value USD/per share	USD value ²⁾	USD/NOK	Book value
Carrying value of 01.01.2020	582 073	8.59	5 000	8.78	43 902
Fair value adjustment 2020	524 447	6.67		-0.25	100 176
Carrying value of 01.01.2021	1 106 520	15.26	16 885	8.53	144 077
Fair value adjustment Q1 2021	0	-1.37		-0.01	-13 053
Carrying value as of 31.03.2021	1 106 520	13.89	15 370	8.52	131 024

1) Nel received 1.901 shares in Nikola Corporation per share in Nikola Motor Company Inc. as share consideration following the listing of Nikola on Nasdaq on June 4, 2020

2) Acquisition cost of USD 5.0 million.

Everfuel

(amounts in thousands)	Shareholding	Acquisition cost NOK/per share	Fair value NOK/per share	Book value
Carrying value of 01.01.2020	11 940 000	0.14		2 468
Share of loss from equity accounted investees				-739
Private placement 21.10.2020	398 624	22.00		8 770
Fair value adjustment 2020				1 531 830
Carrying value of 01.01.2021	12 338 624	0.91	125.00	1 542 328
Private placement 21.01.2021	20 485	125.00		2 561
Fair value adjustment Q1 2021			-37.67	-465 568
Carrying value as of 31.03.2021	12 359 109	1.12	87.33	1 079 321

1) The investment was recognised as an equity-accounted investee with a book value of NOK 2.3 million within 'other non-current assets' in the Q1 2020 report.

2) The Everfuel shares are subject to a lock-up expiring on October 29, 2021.

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 other operating income.

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

Order backlog: is defined as firm purchase orders with agreed price, volume, timing, terms and conditions and where revenue is yet to be recognised.

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