

Nel ASA: Second quarter 2021 financial results

(Oslo, 19 August 2021) Nel ASA (Nel) reported revenues of NOK 163.7 million in the second quarter of 2021, up 10% from NOK 148.6 million in the same quarter of 2020 and an EBITDA of negative NOK 120.3 million (Q2 2020: -48.7) incl. one-offs and ramp-up cost. This includes costs relating to the ramp-up at the new Herøya facility which is still not contributing to revenue. The order backlog ended at NOK 1 078 million, up ~4% from same quarter last year. The cash balance ended at NOK 3.07 billion. Nel reiterates the strong long-term outlook and growth prospects for the sector.

"In the second quarter, we are very happy to see that the ramp-up of our Herøya facility is going according to plan despite challenges related to the pandemic. The new, fully automated, 500MW production line will be a game changer for Nel and for the industry once it is producing and we will start the ramp-up in the third quarter of this year; significantly reducing the costs of producing green hydrogen. As expected, Nel's second quarter results are impacted by the strategic ramp-up, investments in people and technology and the continued effects of the Covid-pandemic. We are still expecting that the order intake will vary between quarters as order sizes increases and public funding mechanisms are being implemented." says Jon André Løkke, Chief Executive Officer of Nel.

Nel reported revenue and operating income in the second quarter 2021 of NOK 163.7 million (148.7), following a growth in both the Fueling and Electrolyser segment compared to the same quarter in 2020. Nel is no longer reporting adjusted EBITDA separately, however, the EBITDA includes one-offs and ramp-up cost. In particular, results are impacted by costs relating to the ramp-up at Herøya, before production and revenue contribution from the facility. The reported operating loss was NOK -149.1 million (-70.2), while the pre-tax loss ended at NOK -314.1 million (594.3) following a net negative fair value adjustment related to the shareholding in Everfuel and Nikola. The backlog is up slightly since second quarter last year, with an order intake of around NOK 150 million in the quarter. Net cash balance at the end of second quarter 2021 was NOK 3.07 billion.

"Nel has a solid balance sheet and a strong financial position to execute on our strategic plans, and we will continue to invest in technology and people in order to maintain our leadership in what will be a rapidly growing market," Løkke comments.

Nel is expanding its electrolyser capacity at Herøya, Norway, which is a key element to delivery on the cost target of USD 1.5/kg set out at the Capital Markets Day in January. The expansion of the electrolysis production will accommodate large-scale projects by constructing a fully automated manufacturing facility. The construction process is on track, with more than 45,000 manhours completed and with zero HSE incidents. Installations, verification of improved technology and tests of installed equipment are completed to meet production start and ramp-up in Q3 2021.

"We remain confident in the long-term potential of the green hydrogen industry and reiterate the strong growth outlook. 2021 will be a monumental year for the industry, and even if we should see the first 100MW+ project in the industry this year, larger orders are taking longer to close as we are waiting for important public financing mechanisms to come through. With the new production facility at Herøya we remain confident that Nel is well suited to capitalise on these opportunities with our proven track record, market leading position and global delivery and execution muscle" Løkke concludes.

EBITDA and other alternative performance measures (APMs) are defined and reconciled to the IFRS financial statements as a part of the APM section of the second quarter 2021 report on page 24.

The second quarter 2021 report and presentation are enclosed and available through www.newsweb.no (Ticker: NEL) and www.nelhydrogen.com. Nel will host a presentation at 08.00 CET and the event can be streamed at https://channel.royalcast.com/landingpage/hegnarmedia/20210819_2/. There are available places to view the presentation in-person at H7-2, Haakon VIIIs gate, Oslo - those registered will be prioritized as participation is limited due to Covid-19 restrictions (Contact ir@nelhydrogen.com to register).

The presenters will be Chief Executive Officer Jon André Løkke and Chief Financial Officer Kjell Christian Bjørnsen, and the presentation will be held in English.

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About Nel ASA | www.nelhydrogen.com

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 vehicle, without emissions.