

Nel ASA: Third quarter 2021 financial results

(Oslo, 21 October 2021) Nel ASA (Nel) reported all-time high revenues of NOK 229.3 million in the third quarter of 2021, up 55% from NOK 147.7 million in the same quarter of 2020 and an EBITDA of negative NOK 113 million (Q3 2020: -42.1) incl. one-offs and ramp-up cost. This includes costs relating to the ramp-up at the new Herøya facility, which will commence production for Nikola and Everfuel in the fourth quarter. The order backlog ended at NOK 1 014 million, up 8% from same quarter last year. The potential pipeline of orders continues to grow, currently amounting to more than USD 6 billion and Nel reiterates the strong long-term outlook and growth prospects for the sector.

"In the third quarter, we are proud to announce that we have produced the first electrode batch from our new, fully-automated production facility at Herøya and we are ready to start producing the orders to Nikola and Everfuel in the fourth quarter. Nel reports all-time high revenues in the quarter, however, the financial results continue to be negatively impacted by the strategic ramp-up, investments in people and technology and the continued effects of the Covid-pandemic. It is encouraging to see the pipeline of potential projects continue to grow even if orders are taking longer to close as order sizes increases and public funding mechanisms are taking some time to implement," says Jon André Løkke, Chief Executive Officer of Nel.

Nel reported revenue and operating income in the third quarter 2021 of NOK 229.3 million (147.7), mainly related to increase in the 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. 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 -138.9 million (-116.3), while the pre-tax loss ended at NOK -509 million (-628.6) following a net negative fair value adjustment related to the shareholding in Everfuel and Nikola. The backlog is up 8% since third quarter last year, with an order intake of around NOK 139.2 million in the quarter.

The pipeline of potential orders continues to grow and stands at a record-high amount of more than USD 6 billion. The pipeline represents more than 11 GW of installed electrolyser capacity, with the single largest potential order of 1.6 GW. Net cash balance at the end of second quarter 2021 was NOK 2.93 billion.

"Nel continues to have a solid cash balance 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 leading position in the rapidly growing hydrogen market," Løkke comments.

Nel has expanded 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 accommodates large-scale projects through the fully automated manufacturing facility. Installation and testing of installed equipment have been completed in the quarter and the first batch of electrodes has been produced from the production line. The exact speed of ramp-up will be aligned with customer requirements.

"We remain confident in the long-term potential of the green hydrogen industry and reiterate the strong growth outlook. With the new production facility at Herøya up and running, we remain confident that Nel is well suited to capitalise on the 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 third quarter 2021 report on page 24.

The third 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/20211021_1/. As Covid-19 restrictions are lifted in Oslo, physical participation is welcome.

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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For further information, please contact:

Kjell Christian Bjørnsen, CFO, +47 917 02 097

Ida Marie Fjellheim, Investor Relations, +47 905 09 291

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.