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Nel ASA

Q1 2022 report

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Nel in brief

Nel is a leading pure play hydrogen technology company with a global footprint, developing optimal solutions to produce, store and distribute hydrogen from renewable energy.

We have a proud history of technology improvement that dates back to 1927. Our hydrogen solutions address the zero-emission strategies of some of the world's most energy-intensive industries: cement, steel and fertilizer production. In addition, we deliver fueling systems that provide fuel cell electric vehicles with the same fast fueling and long driving range as fossil-fuelled vehicles - without emissions. Nel is headquartered in Oslo, Norway and listed on the Oslo Stock Exchange under the ticker "NEL".

Nel vision is empowering generations with clean energy forever and our mission is to unlock the potential of renewables and enable global decarbonization.

Nel Hydrogen Electrolyser

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

Historically, hydrogen has 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, and polysilicon used in photovoltaic solar panels.

Today, around 1% of the global supply of hydrogen is generated via water electrolysis. The other 99% is primarily produced from natural gas via steam methane reforming. 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 electrolysers, and an increasing focus on climate change and global decarbonization. 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 electrolyser business area has manufacturing facilities in Herøya, Norway, and in Wallingford, Connecticut, USA.

Nel Hydrogen Fueling

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. Nel began manufacturing hydrogen fueling stations in 2003 and 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 hydrogen to forklifts, passenger vehicles, buses and trucks, 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.

Highlights

- Nel ASA (Nel) reported revenue and operating income in the first quarter 2022 of NOK 213 million, up 36% from the first quarter 2021 (Q1 2021: 157).
- Order intake this quarter of NOK 283 million (Q1 2021: 263). At quarter end, Nel reported the highest ever order backlog of NOK 1 289 million, up 19% from the first quarter 2021 (up 5% compared to the fourth quarter 2021).
- EBITDA of NOK -152 million (Q1 2021: -74).
- Strong cash balance of NOK 3 940 million (Q1 2021: 3 248) following a successful private placement during the quarter which raised NOK 1 500 million in gross proceeds.
- Ramp-up of production at the new 500 MW line at the Herøya facility continued successfully and the first electrolyser systems were delivered during the quarter.
- Nel appointed Håkon Volldal as new Chief Executive Officer from July 1, 2022.
- Subsequent to the quarter, Nel has decided to secure long-lead items for a new 500 MW alkaline production line. Location in Europe to be decided.

Key figures

(amounts in NOK million)	Q1 2022	Q1 2021	2021
Revenue and operating income	213	157	798
Operating expenses	400	255	1 381
EBITDA	-152	-74	-475
Operating loss	-187	-98	-583
Pre-tax income (loss) ¹⁾	82	-580	-1 684
Net income (loss) ¹⁾	84	-578	-1 667
Net cash flow from operating activities	-159	-185	-449
Cash balance end of period	3 940	3 248	2 723
Order intake	283	263	967
Order backlog	1 289	1 085	1 230

1) Pre-tax income (loss) and Net income (loss) includes fair value adjustment of shareholdings in Everfuel A/S, Nikola Corporation and Hyon AS. Refer to note 6 for detailed information.

Key press releases during the quarter and subsequent events

Nel Hydrogen Electrolyser

Electrolyser received purchase orders for:

- Multiple PEM electrolysers from an innovation leader in sustainable food production. Value approximately USD 5 million.
- Containerized electrolyser and hydrogen fueling equipment in the US. Value approximately USD 5 million.
- An alkaline electrolyser system for Solar Foods in Finland. Value approximately EUR 2 million.
- An alkaline electrolyser in Europe that will be used for multiple clients. Value approximately EUR 3 million
- Official opening of the first 500 MW line at the Herøya facility on April 20, 2022.

Nel Hydrogen Fueling

Fueling received purchase orders for:

- Several H2Station™ modules in Paris, France, fuelling the worlds largest fleet of hydrogen taxis.
- One H2Station™ hydrogen fueling module from HTEC in Canada. Value approximately USD 1.5 million.
- Hydrogen fueling equipment from Biproraf in Poland
- Two H2Station™ fueling systems from a European client. Value approximately EUR 3 million.

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

[Press releases | Nel Hydrogen](#)

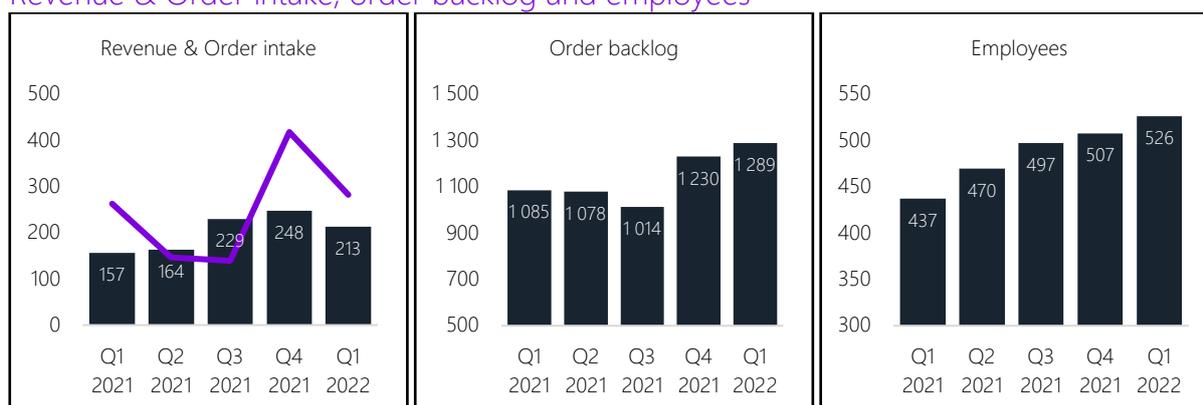
Financial development

Group

Key figures

(amounts in NOK million)	Q1 2022	Q1 2021	Change	2021
Revenue and operating income	213	157	36%	798
Operating expenses	400	255	55%	1 381
EBITDA	-152	-74		-475
Order intake	283	263	7%	967
Order backlog	1 289	1 085	19%	1 230
Employees	526	437	20%	507
Total assets	7 565	6 780	12%	6 007

Revenue & Order intake, order backlog and employees



Despite the lower revenue in Fueling, Nel reported strong increase in revenue and operating income compared to the same quarter last year as Nel started to deliver electrolyser systems from the new Herøya manufacturing facility in Norway.

Nel continued to build the organization in line with its strategic decision to pursue growth and higher activity levels leading to a continuous increase in the number of project and production related employees. Personnel expenses increased by 55% compared to the same quarter in 2021. The employees added are experienced project, production and technology personnel.

EBITDA decreased from same quarter last year. In addition to the higher personnel expenses the negative EBITDA was impacted by increasing pricing pressure and supply chain challenges leading to increased raw materials expenses and somewhat delayed deliveries. Across all divisions, the operating results are negatively impacted by customer projects including new geographies, customer segments, technological components and/or products leading to additional costs and increased risk.

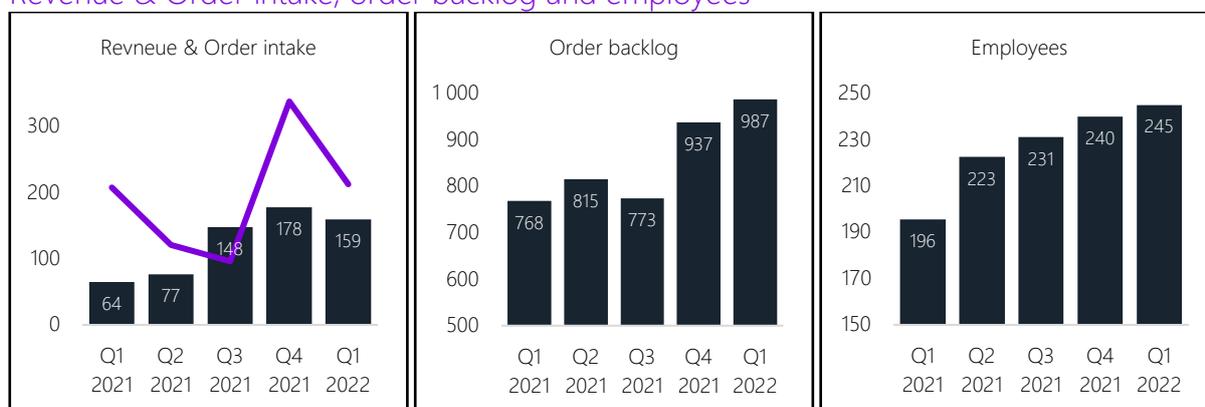
Total assets increased 12% compared to same quarter last year and the increase is mainly related to the share capital increase in March which raised NOK 1 500 million in gross proceeds, and by increase in fair value of equity instruments and operating loss.

Nel Hydrogen Electrolyser

Key figures

(amounts in NOK million)	Q1 2022	Q1 2021	Change	2021
Revenue and operating income	159	64	147%	466
Operating expenses	240	105	129%	737
EBITDA	-60	-27		-210
Order intake	213	208	2%	763
Order backlog	987	768	29%	937
Employees	245	196	25%	240
Total assets	1 906	1 418	34%	1 842

Revenue & Order intake, order backlog and employees



Nel Hydrogen Electrolyser reported a strong increase of 147% in revenue and operating income compared to the same quarter in 2021. During the quarter the first deliveries of electrolyser systems were made from the new manufacturing facility at Herøya in Norway. Revenues in Norway from sales of alkaline electrolysers were record-high in the quarter, while sales of PEM electrolysers from the US increased 54% from first quarter 2021.

EBITDA decreased from the first quarter of 2021. The positive contribution from higher revenues was more than offset by negative impact from ramp-up activities including higher personnel expenses, increase in raw material prices, supply chain challenges and lower margins.

Nel has expanded electrolyser production to accommodate large-scale projects by constructing a 500 MW fully automated manufacturing facility at Herøya, Norway. The factory represents the first industrial-scale production of the most efficient electrolysers on the market. The automated production technology at Herøya is a key component for cost reductions to reach the target to produce green hydrogen at USD 1.5 per kilo by 2025. The manufacturing facility at Herøya can be expanded to 2 000 MW. In the quarter the project was completed, and production ramped up focusing on tuning the line and verifying the high product quality. Nel is ready to continue to increase its electrolyser production capacity to meet the global raised ambitions for renewable hydrogen.

Nel Hydrogen Fueling

Key figures

(amounts in NOK million)	Q1 2022	Q1 2021	Change	2021
Revenue and operating income	54	92	-42%	332
Operating expenses	160	171	-6%	690
EBITDA	-60	-30		-169
Order intake	70	56	26%	205
Order backlog	302	317	-5%	293
Employees	252	222	14%	240
Total assets	980	926	6%	1 038

Revenue & Order intake, order backlog and employees



Nel Hydrogen Fueling reported a decrease in revenue and operating income driven by a lower number of fueling stations modules delivered compared to first quarter 2021. Order intake has been lower than revenues during 2021, leading to falling revenues over the last few quarters. Nel is shifting focus from individual station orders to large multi-station contracts. Owing to the increased financial commitment and requirements, this is likely to lead to a more uneven order intake and will require a longer and more resource-intensive negotiation period.

EBITDA decreased compared to the same quarter last year. Lower revenues and margins had a negative impact and in addition higher personnel expenses resulting from 14% increase in the number of employees contributed to the decline.

There has been a large increase in the utilisation of many of the Nel stations installed, enabling accelerated learnings and improvements both within product maturity and overall reliability. Fueling a hydrogen vehicle 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, including Nel, is still working to mature the technology as well as investing in service and maintenance, robustness and reliability. Nel will continue to incur costs related to these activities.

Finance

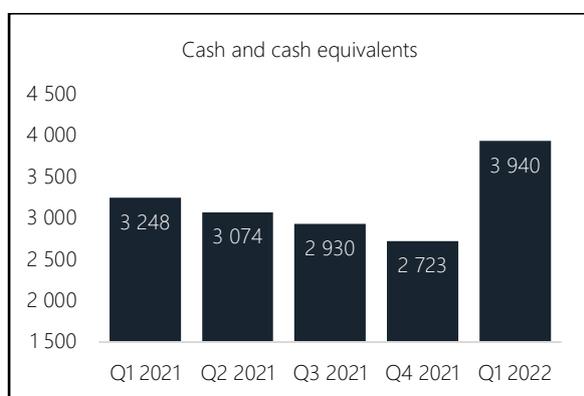
(amounts in NOK million)	Q1 2022	Q1 2021	2021
Finance income			
Interest income	9	4	20
Change in fair value financial instruments	270	3	8
Other	0	1	1
Interest income and other finance income	279	8	28
Finance costs			
Interest expense	-3	-2	-10
Capitalised interest	0	1	6
Net foreign exchange gain (loss)	-8	-10	-4
Change in fair value financial instruments	0	-479	-1 121
Other	0	0	-1
Interest expense and other finance costs	-10	-490	-1 129
Net finance income (cost)	268	-482	-1 101

Nel reported finance income of NOK 279 million in the first quarter 2022, mainly consisting of interest income 9 million (4) from cash and cash equivalents and positive change in fair value of financial instruments, which mainly comprise change in fair value of shareholdings of NOK 268 million (0).

Finance costs in the first quarter 2022 was NOK -10 million compared to -490 million in first quarter 2021. The decrease in finance cost compared with first quarter 2021 is mainly due to same quarter last year had a negative change in fair value of Nel's shareholding in Everfuel and Nikola Corporation of NOK -466 million and -13 million, respectively. First quarter 2022 includes NOK -6 million (-10) in unrealised currency exchange gain (loss) resulting from revaluing internal loans.

Cash

(amounts in NOK million)	Q1 2022	Q1 2021	Change	2021
Net cash flow from operating activities	-159	-185	14%	-449
Net cash flow from investing activities	-105	-105	0%	-374
Net cash flow from financing activities	1 482	1 205	23%	1 216
Foreign currency effects on cash	0	-1		-3
Net change in cash and cash equivalents	1 217	915	33%	390
Cash and cash equivalents beginning of period	2 723	2 333		2 333
Cash and cash equivalents	3 940	3 248		2 723



Cash flow from operating activities are negative as Nel is pursuing its strategy and the organisation continues to grow faster than revenues. Change in net working capital reduced cash by NOK -11 million (-110) in the quarter as both inventories and trade receivables increased more than current liabilities.

The investing activities in the first quarter 2022 include NOK 54 million (37) in increased restricted bank deposits and collateral for bank guarantees with a maturity longer than three months at the date of purchase. The purchase of property, plant and equipment totalling NOK 22 million (35) in the quarter. Other investment activities include capitalised internal development of next generation fueling stations and electrolysers, total of NOK 29 million (32) this quarter.

Finance activities are positively impacted this quarter by a successful private placement in Nel on March 23, 2022, raising NOK 1 500 million in gross proceeds.

Foreign currency effect on cash is low and limited as Nel hold a significant portion of cash in NOK which is also the presentation currency of Nel.

Risks and uncertainty

Nel is exposed to risk and uncertainty factors, which may affect some or all the group's activities. Nel is exposed to operational, financial, market and climate-related risk. There are no significant changes in the risks and uncertainty factors described in our Annual Report 2021.

Outlook

Nel aims to capitalize on the developing opportunities within the hydrogen industry. Nel sees a rapidly increasing pipeline of opportunities. External and internal analyses support a market view that multiple gigawatts of electrolyser projects will reach final investment decision before 2025. Within electrolysers, the immediate opportunities are highest within industrial applications. Projects will likely come first in mature markets near large hydrogen consumers, before large greenfield installations integrated with renewables gradually becoming the leading market segment. The increasing size of projects leads to a longer preparation and negotiation phase with significant paid and unpaid engineering work. For fueling applications, the market is shifting from individual station orders to larger framework contracts.

By leveraging our position as a technology front-runner, with 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.

To maintain and strengthen our leading position in the growing market for hydrogen applications, Nel will continue to invest to build scale and to develop the organization, and our fueling, alkaline and PEM technology platforms. 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. Further organizational growth will be closely linked to increased order intake and tender activity.

As communicated before, competition is intensifying as Nel and others are ramping up production capacity. In addition, Nel continues to be negatively impacted by disruptions in the value chain due to the Covid-pandemic, the war in Ukraine and the consequences of increase in the raw material costs. In combination, all of this is putting pressure on the margins and will continue to do so in the medium term.

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, scope and complexity.

Oslo, 11 May 2022
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 Røtjær
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 2022	Q1 2021	2021
Revenue and operating income				
Revenue from contracts with customers		197 297	145 247	753 096
Other operating income		15 841	11 609	44 905
Total revenue and operating income	3	213 138	156 856	798 001
Operating expenses				
Raw materials		144 617	82 233	551 695
Personnel expenses		150 972	94 360	472 010
Depreciation, amortisation and impairment	4, 5	34 187	23 843	107 616
Other operating expenses		69 971	54 570	249 533
Total operating expenses		399 747	255 007	1 380 854
Operating loss		-186 609	-98 151	-582 853
Finance income	6	278 921	7 749	28 276
Finance cost	6	-10 461	-489 502	-1 129 224
Share of loss from associates and joint ventures		0	0	-35
Net financial items		268 460	-481 753	-1 100 983
Pre-tax income (loss)		81 851	-579 904	-1 683 836
Tax expense (income)		-1 892	-1 840	-16 984
Net income (loss)		83 743	-578 064	-1 666 852
Items that are or may subsequently be reclassified to income statement:				
Currency translation differences		-15 461	-16 203	-7 108
Cash flow hedges, effective portion of changes in fair value		3 794	-3 901	-3 086
Cash flow hedges, reclassified		-2 944	-482	-3 244
Other comprehensive income		-14 611	-20 585	-13 438
Total comprehensive income		69 132	-598 649	-1 680 290
Basic EPS (figures in NOK) ¹⁾		0.06	-0.41	-1.15
Diluted EPS (figures in NOK) ¹⁾		0.06	-0.41	-1.15
Weighted average number of outstanding shares (million)		1 470	1 426	1 451

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	31.03.2022	31.12.2021
ASSETS			
Intangible assets	4	1 139 579	1 144 144
Property, plant and equipment	5	633 895	623 514
Other non-current assets		172 833	95 187
Total non-current assets		1 946 307	1 862 845
Inventories		345 454	328 465
Trade receivables		228 874	211 408
Contract assets		138 169	178 769
Other current assets	6	966 020	702 728
Cash and cash equivalents		3 940 036	2 722 769
Total current assets		5 618 553	4 144 139
TOTAL ASSETS		7 564 860	6 006 984
EQUITY AND LIABILITIES			
Shareholders' equity		6 598 443	5 038 705
Total equity		6 598 443	5 038 705
Deferred tax liability		46 258	48 543
Long-term debt		21 808	23 191
Lease liabilities		118 335	113 505
Other non-current liabilities		73 607	77 989
Total non-current liabilities		260 008	263 228
Trade payables		117 062	132 962
Lease liabilities		19 760	19 916
Contract liabilities		378 657	360 821
Other current liabilities		190 930	191 352
Total current liabilities		706 409	705 051
Total liabilities		966 417	968 279
TOTAL EQUITY AND LIABILITIES		7 564 860	6 006 984

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 2022	Q1 2021	2021
Cash flow from operating activities			
Pre-tax income (loss) ¹⁾	81 851	-579 904	-1 683 836
Depreciation, amortisation and impairment	34 187	23 843	107 616
Change in net working capital	18 909	-110 021	-5 719
Other adjustments ²⁾	-293 726	481 465	1 132 481
Net cash flow from operating activities	-158 773	-184 616	-449 458
Cash flow from investment activities			
Purchases of property, plant and equipment	-22 453	-35 212	-258 283
Payments for capitalised technology	-29 143	-31 592	-118 870
Purchases of other investments ³⁾	-53 887	-37 378	-46 966
Investments in other financial assets	0	0	-13 125
Disposal of fixed assets	0	0	26 056
Investments in associates and joint ventures	0	-700	-1 272
Proceeds from sales of other investments ³⁾	0	0	38 844
Net cash flow from investing activities	-105 483	-104 882	-373 616
Cash flow from financing activities			
Interest paid ⁴⁾	-2 616	-968	-3 678
Gross cash flow from share issues	1 500 000	1 225 125	1 255 103
Transaction costs connected to share issues	-11 663	-15 457	-15 562
Payment of lease liabilities	-3 210	-3 073	-15 467
Payment of non-current liabilities	-751	-456	-4 464
Net cash flow from financing activities	1 481 760	1 205 171	1 215 932
Foreign currency effects on cash	-237	-725	-2 943
Net change in cash and cash equivalents	1 217 267	914 948	389 915
Cash and cash equivalents beginning of period	2 722 769	2 332 854	2 332 854
Cash and cash equivalents	3 940 036	3 247 802	2 722 769

1) The first quarter 2022 includes interests received of NOK 9 million (4).

2) The first quarter 2022 includes a net unrealised fair value adjustment of financial instruments of NOK 270 million. The net unrealised fair value adjustment was NOK -479 million in the first quarter 2021.

3) Other investments comprise restricted bank deposits and collateral for bank 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)

(amounts in NOK thousands)	Share capital	Share premium	Treasury shares	Other component of equity	Retained earnings	Total equity
Equity as of 31.12.2020	281 559	4 367 306	-79	82 029	737 501	5 468 316
Net loss					-1 666 852	-1 666 852
Currency translation differences				-7 108		-7 108
Hedging reserve				-6 330		-6 330
Capital increase	10 600	1 228 940				1 239 541
Options and share program		1	-1		9 485	9 485
Other changes					1 653	1 653
Equity as of 31.12.2021	292 160	5 596 248	-81	68 591	-918 213	5 038 705
Net Income					83 743	83 743
Currency translation differences				-15 472		-15 461
Hedging reserve				850		850
Capital increase	19 608	1 468 729				1 488 337
Options and share program					2 233	2 233
Other changes					36	36
Equity as of 31.03.2022	311 768	7 064 977	-81	53 969	-832 201	6 598 443

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.

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 2021 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 2021.

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

- Revenue recognition
- 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 2021 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 2021 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 page 2.

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 2022	Q1 2021	Change
Revenue and operating income			
Nel Hydrogen Electrolyser	159 236	64 477	147%
Nel Hydrogen Fueling	53 902	92 379	-42%
Total	213 138	156 856	36%
EBITDA			
Nel Hydrogen Electrolyser	-59 926	-26 754	
Nel Hydrogen Fueling	-60 370	-30 289	
Corporate ¹⁾	-32 126	-17 265	
Total	-152 422	-74 308	
Investments ²⁾			
Nel Hydrogen Electrolyser	42 344	49 402	-14%
Nel Hydrogen Fueling	9 252	17 403	-47%
Total	51 596	66 804	-23%
Total assets ³⁾			
Nel Hydrogen Electrolyser	1 906 417	1 417 696	34%
Nel Hydrogen Fueling	979 795	926 462	6%
Corporate	4 678 648	4 435 922	5%
Total	7 564 860	6 780 080	12%

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)	31.03.2022	31.03.2021	Change	31.12.2021	Change
Norway	480 741	238 887	101%	461 994	4%
Denmark	102 205	114 003	-10%	106 262	-4%
USA	45 946	48 170	-5%	49 919	-8%
South Korea	5 003	3 969	26%	5 339	-6%
Total	633 895	405 029	57%	623 514	2%

Note 4 Intangible assets

(amounts in NOK thousands)	Goodwill	Technology	Customer relationship	Total
Carrying value of 01.01.2022	615 184	496 579	32 381	1 144 144
Additions	0	29 143	0	29 143
Amortisation	0	-14 801	-3 133	-17 934
Currency translation differences	-10 091	-5 501	-182	-15 774
Carrying value as of 31.03.2022	605 093	505 420	29 066	1 139 579

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 (CGUs). 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 01.01.2022	512 316	111 198	619 982
Additions	22 453	9 277	31 730
Remeasurements	0	2 041	2 041
Depreciation	-11 249	-5 004	-16 253
Currency translation differences	-6 896	-242	-7 138
Carrying value as of 31.03.2022	516 625	117 270	633 895

Note 6 Equity instruments

Nikola Corporation

(Book value in NOK thousands)	Shareholding ¹⁾	Fair value USD/per share	USD value ²⁾	USD/NOK	Book value ³⁾
Carrying value of 01.01.2021	1 106 520	15.26	16 885	8.53	144 077
Fair value adjustment 2021	0	-5.39	-5 964	0.29	-47 757
Carrying value of 01.01.2022	1 106 520	9.87	10 921	8.82	96 320
Fair value adjustment Q1 2022	0	0.84	929	-0.07	7 350
Carrying value as of 31.03.2022	1 106 520	10.71	11 851	8.75	103 670

- 1) Nel received 1,106,520 shares in Nikola Corporation as share consideration, by converting shares in Nikola Motor Company Inc., following the listing of Nikola on Nasdaq on June 4, 2020
- 2) Acquisition cost of USD 5.0 million
- 3) 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.

Everfuel

(Book value in NOK thousands)	Shareholding	Acquisition cost NOK/per share	Fair value NOK/per share	Book value ¹⁾
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 2021			-86.82	-1 073 018
Carrying value of 01.01.2022	12 359 109	1.12	38.18	471 871
Fair value adjustment Q1 2022			19.12	236 306
Carrying value as of 31.03.2022	12 359 109	1.12	57.30	708 177

- 1) On October 21, 2020, Everfuel A/S listed on Euronext Growth Oslo. Nel's shareholding before the initial public offering was 11 940 000.
- 2) A NOK 10 increase/reduction in share price of Everfuel A/S will lead to gains/losses of about NOK 120 million.

Hyon

(Book value in NOK thousands)	Shareholding	Acquisition cost NOK/per share	Fair value NOK/per share	Book value ¹⁾
Carrying value of 01.01.2021	114 000	29.39		0
Capital increase				700
Sale of shares	-114 000	-29.39		-700
Purchase of shares	98 040	5.83		572
Stock split	9 804 000	0.06		
Carrying value of 01.01.2022	9 804 000	0.06	0.06	572
Fair value adjustment Q1 2022			2.52	24 722
Carrying value as of 31.03.2022	9 804 000	0.06	2.58	25 294

- 1) On February 14, 2022, Hyon AS listed on Euronext Growth Oslo. Nel's shareholding before the initial public offering was 9 804 000.
- 2) The Hyon shares are subject to a lock-up expiring on January 21, 2023.
- 3) A NOK 1 increase/reduction in share price of Hyon AS will lead to gains/losses of about NOK 10 million.
Hyon was recognised as an equity-accounted investee in 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 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 defined as firm purchase orders with agreed price, volume, timing, terms and conditions and where revenue is yet to be recognised.

Title:

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