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Nel ASA: Fourth quarter 2022 financial results

(February 28 - 2023, Oslo, Norway) Nel ASA (Nel, OSE:NEL) reported revenues of NOK 414 million in the fourth quarter of 2022, up from NOK 248 million in the same quarter of 2021. Order intake was NOK 982 million, up 135% year-on-year, positively impacted by the NOK 600 million Woodside contract and the NOK 120 million Statkraft contract. At the end of the fourth quarter the order backlog was 2 613 million, up 112% from Q4 2021. The cash balance was NOK 3 139 million at quarter end.

Quarterly highlights

- Nel ASA (Nel) reported revenue and operating income in the fourth quarter 2022 of NOK 414 million, up 67% from the fourth quarter 2021 (Q4 2021: 248). All segments, Fueling, PEM electrolyzers and alkaline electrolyzers experienced strong growth compared to same quarter last year. Full year revenue 2022 of NOK 994 million, up 25% compared to 2021.
- Order intake in the quarter amounted to NOK 982 million (92% from electrolyser), up 135% from the same quarter last year (Q4 2021: 418). Full year order intake 2022 of NOK 2 275 million, up 135% compared to 2021.
- At quarter end, Nel had a record high order backlog of NOK 2 613 million (85% related to electrolyser), up 112% from the fourth quarter of 2021, and up 24% compared to the previous quarter.
- As a result of Fueling's current financial performance and delayed growth trajectory, Nel has impaired all goodwill previously recognised in Fueling of NOK 296 million. In addition, Nel recognises an impairment of other intangible assets in Fueling by NOK 31 million.
- EBITDA of NOK -216 million (Q4 2021: -168) driven by high losses in Fueling, low margins on electrolyser projects signed in 2020/2021 and increased personnel expenses to prepare for large-scale projects. Full year EBITDA of NOK -780 million, compared to EBITDA -475 million in 2021.
- Cash balance of NOK 3 139 million (Q4 2021: 2 723).
- Subsequent to the quarter,
 - Received purchased order from HyCC with a value of approximately NOK 125 million.
 - Investment decision to increase PEM production capacity in Wallingford to ~500 MW. Total capital expenditures estimated to be around NOK 260 million, and estimated to be at full capacity in 2025.

Revenues in Q4 2022 were NOK 414 million, up from NOK 248 million in Q4 2021. Nel Hydrogen Electrolyser reported 75% increase in revenue and operating income compared to the same quarter last year. Growth in alkaline electrolyzers was strong as Nel continued the deliveries of electrolyser systems from the manufacturing facility at Herøya in Norway according to plan. Revenues from sales of alkaline electrolyzers increased 337% compared to the same quarter last year, and quarterly sales of PEM electrolyzers increased 14% from 2021. In Fueling, revenues have been suppressed by supply chain disruptions, which result in longer delivery times, some of which have accumulated into revenues this quarter.

In the fourth quarter, Nel entered into a joint development agreement with General Motors and signed contracts with Woodside Energy and Statkraft. This positive development follows a strong third quarter in which the company secured a record size 200 MW order from a US client.

“We experience a strong market momentum and a high order intake, and we foresee this trend to continue going forward”, says Nel’s CEO, Håkon Volldal. “Terms and conditions are improving, and we are now winning attractive large-scale projects with solid margins and manageable risk profiles.”

As the market shifts towards large-scale projects, Nel has developed an ambitious electrolyser strategy.

“We aim to be the leading provider of electrolyser equipment with a 20-30% market share outside China” says Volldal.

To reach this ambition, Nel will continue to grow production capacity, offer the best technology with lowest LCOH and narrow its scope of delivery to stack and balance-of-stack.

For its Fueling division, Nel continues to see short-term challenges. An unfocused market approach has led to high organizational and operational complexity driving cost. Also, immature and non-standardized technology has resulted in high quality costs, which increase with higher station utilization.

“Despite the current poor performance, we see a substantial market potential for heavy-duty hydrogen fueling equipment. Some of the largest energy companies in the world, which are Nel customers, have made long-term commitments to developing this infrastructure,” says Volldal.

Nel is looking to capitalize on its highly experienced workforce and market-leading fueling technology by reducing current complexity and transitioning towards standardized high-capacity products, as well as assessing strategic partnerships and alternatives to improve the business case.

Note, the release date for the annual report has been delayed (from previously communicated 28 February).

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 2022 report on page 21.

The fourth quarter 2022 report and presentation are enclosed and available on www.newsweb.no (Ticker: NEL) and www.nelhydrogen.com. The presentation will be a virtual event only, followed by a Q&A session. The live presentation can be accessed on the company’s website www.nelhydrogen.com or by following this [link](#). A recording of the presentation will be publicly available following the event.

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About Nel ASA | www.nelhydrogen.com

Nel has a history tracing back to 1927 and is today a leading pure play hydrogen technology company with a global presence. The company specializes in electrolyser technology for production of renewable hydrogen, and hydrogen fueling equipment for road-going vehicles. Nel’s product offerings are key enablers for a green hydrogen economy, making it possible to decarbonize various industries such as transportation, refining, steel, and ammonia.

This information is subject to a duty of disclosure pursuant to Section 5-12 of the Norwegian Securities Trading Act. This information was issued as inside information pursuant to the EU Market Abuse Regulation, and was published by Wilhelm Flinder, Head of Investor Relations, at NEL ASA on the date and time provided.