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Nel ASA: Second quarter 2024 financial results

(July 17, 2024 - Oslo, Norway) Following the spin-off of its fueling division, Nel ASA (Nel, OSE: NEL) reported revenues from continuing operations of NOK 332 million in the second quarter of 2024, down 10% YoY from NOK 371 million for the corresponding divisions. Order intake was NOK 270 million, up 18% YoY from NOK 229 million. At the end of the quarter the order backlog was NOK 2 071 million, down 13% YoY. The cash balance was NOK 2 228 million at quarter end, impacted by the spin-off and separate listing of the Fueling division.

As the fueling division was spun out and separately listed in the second quarter of 2024, its financial impact is now only reported under net income (loss) from discontinued operations. Historical P&L numbers have also been restated.

Quarterly highlights

- Revenue from continuing operations in the second quarter 2024 was NOK 332 million, down 10% from the second quarter 2023 (Q2 2023: 371). Revenue was negatively impacted by lower volume delivery of Alkaline electrolyser equipment in the quarter.
- EBITDA in the quarter was NOK -79 million (Q2 2023: -69).
- Net loss from continuing operation was NOK -118 million (Q2 2023: -228). The improvement from the same quarter last year was mainly explained by the same quarter last year including NOK -166 million fair value adjustment from shareholdings in Everfuel.
- Order intake in the quarter amounted to NOK 270 million, an 18% increase from the corresponding quarter last year (Q2 2023: 229).
- Order backlog was NOK 2 071 million at the end of the quarter, down 13% from the second quarter of 2023 and down 2% from the previous quarter.
- Cash balance was NOK 2 228 million at quarter end (Q2 2023: 4 122). Cash balance was reduced by NOK 625 million connected to the spin-off of Cavendish Hydrogen.
- Subsequent to the quarter, Nel received on July 1st a follow-on equipment order of more than EUR 7 million.

Following the successful spin-off and listing of its former Fueling division as Cavendish Hydrogen in June 2024, Nel once again became a dedicated electrolyser company, solely focusing on making reliable and energy-efficient electrolysers, a key enabler of the renewable energy transition.

“This is a natural consequence of our business strategy, which is to spend all our resources on what we do best: making the most energy-efficient and reliable electrolysers in the world,” says Nel’s President and CEO, Håkon Volldal.

“With this strategic move we are also taking a large step towards profitability,” Volldal says.

Another significant event in the second quarter was the signing of the Technology Licensing Agreement with India’s largest privately owned company, Reliance Industries. With this agreement Reliance is allowed to manufacture Nel’s atmospheric alkaline electrolysers for captive purposes globally and non-captive purposes in India. Reliance and Nel will also collaborate on future performance improvements and cost optimization through R&D, value engineering, standardization, and modularization.

“I am extremely proud that Reliance, among all the world’s electrolyser OEMs, has selected Nel as its partner. The combination of Nel’s technology leadership and Reliance’s execution power will significantly improve the competitiveness of this platform to the benefit of all Nel customers globally. Moreover, with

this agreement we expect to generate a very attractive revenue stream from a rapidly growing market we would not have been able to access on our own,” says Volldal.

The second 500MW production line at the Herøya facility was completed and commenced commercial operations in Q2 2024, bringing the total annual Alkaline production capacity to 1 GW. Furthermore, the expansion program for the company’s Wallingford facility, which aims to increase annual capacity from 50MW to 500MW, remained on track.

The development of a next generation pressurized alkaline electrolyser is progressing according to plan. Full-size electrodes were successfully tested at Nel’s test centre in Notodden, Norway, in the first half of 2024. Nel will now start the construction of a turnkey 6.25 MW prototype system in Herøya, Norway. Development of the next-generation PEM electrolyser, in collaboration with General Motors, is also progressing as scheduled.

The Alkaline segment reported an order backlog at the end of the quarter of NOK 1 689 million, up NOK 22 million from the previous quarter. Second quarter order intake and backlog for Alkaline included agreed milestone payments under the technology licensing agreement with Reliance. For the PEM segment the order backlog ended at NOK 383 million, down NOK 75 million from the previous quarter due to low order intake. In recent quarters Nel has secured several paid front-end engineering design (FEED) studies for projects above 100 MW.

The second quarter 2024 report and presentation are enclosed and available on newsweb.no (Ticker: NEL) and nelhydrogen.com. The presentation will be a virtual event only, followed by a Q&A session, and can be accessed on the company’s website www.nelhydrogen.com/quarterly-presentation/ or by following [this link](#). A recording of the presentation will be made 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 PEM and Alkaline electrolyser technology for production of renewable hydrogen. 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.

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