



Nel ASA

Q3 2024 report

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In June 2024, Nel ASA (Nel) completed the distribution and separate listing of Cavendish Hydrogen ASA (CAVEN). CAVEN and its subsidiaries have historically been reported as a separate operating segment within Nel, i.e., Nel Hydrogen Fueling. The comparative condensed consolidated statement of comprehensive income has been restated to show the discontinued operation separately from continuing operations

Highlights – Continuing operations

- Revenue from continuing operations in the third quarter 2024 was NOK 366 million, up 21% from the third quarter 2023 (Q3 2023: 303). Revenue was positively impacted by delivery of alkaline electrolyser equipment whereas revenue from sale of PEM electrolyser equipment was low due to timing of project deliveries.
- EBITDA in the quarter was NOK -90 million (Q3 2023: -62). Alkaline had a positive contribution to Group EBITDA but this was more than offset by the negative contribution from PEM.
- Net loss from continuing operation was NOK -115 million (Q3 2023: -167). The improvement was mainly explained by the NOK -90 million fair value adjustment from shareholdings in Everfuel in Q3 2023.
- Order intake in the quarter amounted to NOK 161 million, a 52% decrease from the corresponding quarter last year (Q3 2023: 338).
- Order backlog was NOK 1 872 million at the end of the quarter, down 20% from the third quarter of 2023 and down 10% from the previous quarter.
- Cash balance was NOK 1 941 million at quarter end (Q3 2023: 3 799).

Key figures – Continuing operations²⁾

(Amounts in NOK million)	Q3 2024	Q3 2023 ¹⁾ restated	YTD 2024	YTD 2023 ¹⁾ restated	2023 ¹⁾ Restated
Revenue	366	303	974	938	1 350
EBITDA	-90	-62	-137	-194	-272
Operating loss	-146	-104	-284	-321	-444
Pre-tax income (loss) ¹⁾	-116	-169	-199	-522	-574
Net income (loss) ¹⁾	-115	-167	-194	-516	-566
Net cash flow from operating activities	-47	-136	-108	-363	-464
Cash balance end of period	1 941	3 799	1 941	3 799	3 363
Order intake	161	338	829	1 009	1 140
Order backlog	1 872	2 329	1 872	2 329	2 093

1) Pre-tax income (loss) and Net income (loss) in Q3 2023, YTD 2023 and full year 2023 include fair value adjustments of shareholdings in Everfuel A/S and Hyon AS. This quarter includes no fair value adjustments from mentioned shareholdings. Same quarter 2023, year to date 2023 and full year 2023 includes impact of NOK -90 million, NOK -326 million and NOK -311 million, respectively.

2) Key figures are presented for continuing operation. See Note 7 for disclosure of discontinued operation.

Key press releases during the quarter and subsequent events

Nel Alkaline Electrolyser

- Hy Stor Energy terminates the capacity reservation for Mississippi Clean Hydrogen Hub.

Nel PEM Electrolyser

- Received a follow-on equipment order of more than EUR 7 million for a European project.

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

[Press releases | Nel Hydrogen](#)

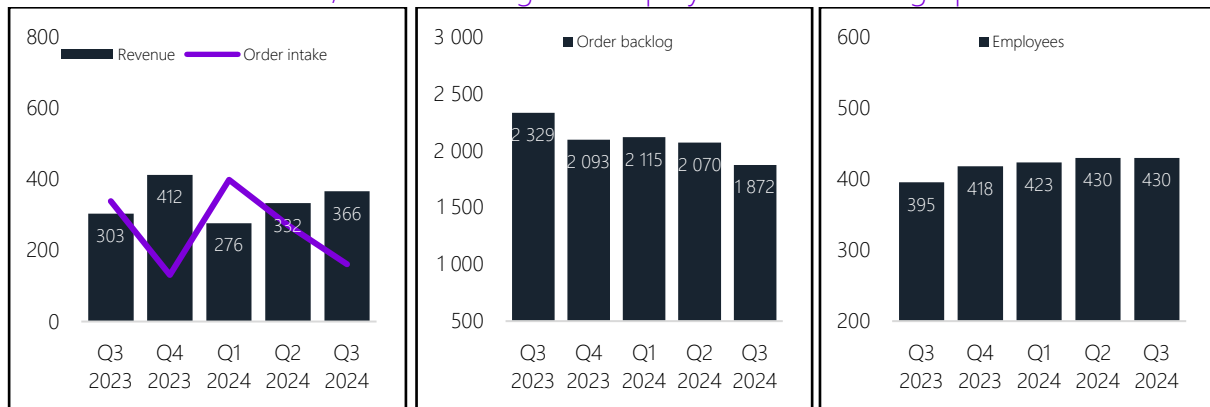
Financial development

Group

Key figures – Continuing operations

(Amounts in NOK million)	Q3 2024	Q3 2023 restated	Change	YTD 2024	YTD 2023 restated	Change	2023 restated
Revenue	366	303	21%	974	938	4%	1 350
EBITDA	-90	-62		-137	-194		-272
Order intake	161	338	-52%	829	1 009	-18%	1 140
Order backlog	1 872	2 329	-20%				2 093
Employees	430	395	9%				418
Total assets	6 183	7 061	-12%				7 046

Revenue & Order intake, order backlog and employees – Continuing operations



Nel reported a 21% increase in revenue compared to the third quarter last year. Alkaline revenues grew by 54% year on year, PEM revenues declined by 40%. The growth in alkaline revenue resulted from reaching delivery milestones on a large project. The PEM segment had few project milestones in the quarter and an unusually low shipment of smaller units (less than 1 MW units) compared to earlier years.

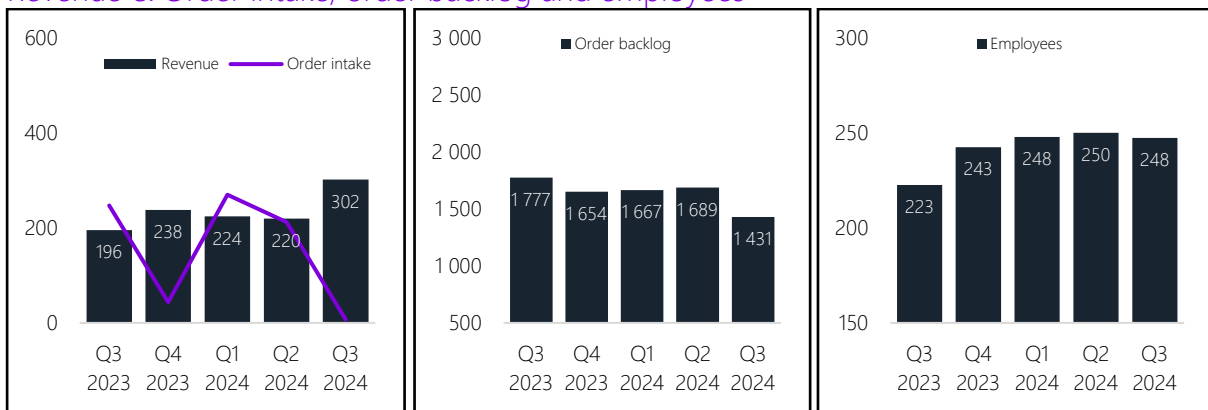
Having sufficient scale is key to winning new orders and reaching profitability. Nel has therefore over the last year invested in increased production and organizational capacity. As expected, the increased alkaline revenues in combination with solid gross margins had a positive EBITDA impact in the quarter. However, the unusually low PEM revenues more than offset this effect and led to an overall decline in reported EBITDA. Final investment decisions on large target customer projects were pushed to the coming quarters.

Nel Alkaline Electrolyser

Key figures

(Amounts in NOK million)	Q3 2024	Q3 2023	Change	YTD 2024	YTD 2023	Change	2023
Revenue	302	196	54%	747	637	17%	876
EBITDA	4	-8		108	-22		-29
Order intake	7	248	-97%	490	642	-24%	686
Order backlog	1 431	1 777	-19%				1 654
Employees	248	223	11%				243
Total assets	2 378	1 721	38%				2 028

Revenue & Order intake, order backlog and employees



Nel Alkaline Electrolyser reported an 54% increase in revenue compared to third quarter last year. Production of electrolyser equipment at Herøya in Norway achieved milestone deliveries on contracts in the backlog according to plan.

EBITDA improved by 12 MNOK compared to third quarter 2023 driven by higher revenues and solid gross margins on equipment deliveries. Project margins in general are up compared to previous years as contractual terms are more favourable and execution has improved.

Order backlog for Alkaline Electrolyser ended at NOK 1 431 million. This was down NOK 258 million from the end of Q2 2024 due of low order intake in the past quarters. Nel has secured several paid front-end engineering and development studies for projects above 100 MW. These activities lay the foundation for future order intake of firm equipment orders. In the third quarter 2024 order intake was low as final investment decisions on large target customer projects were pushed to the coming quarters.

As a result of renewable hydrogen projects taking longer time to reach final investment decision than anticipated, Nel’s cost structure and the utilization of the Herøya production capacity are being adjusted to market demand. However, increased fixed costs from higher production capacity will continue to negatively influence results until more orders have been secured.

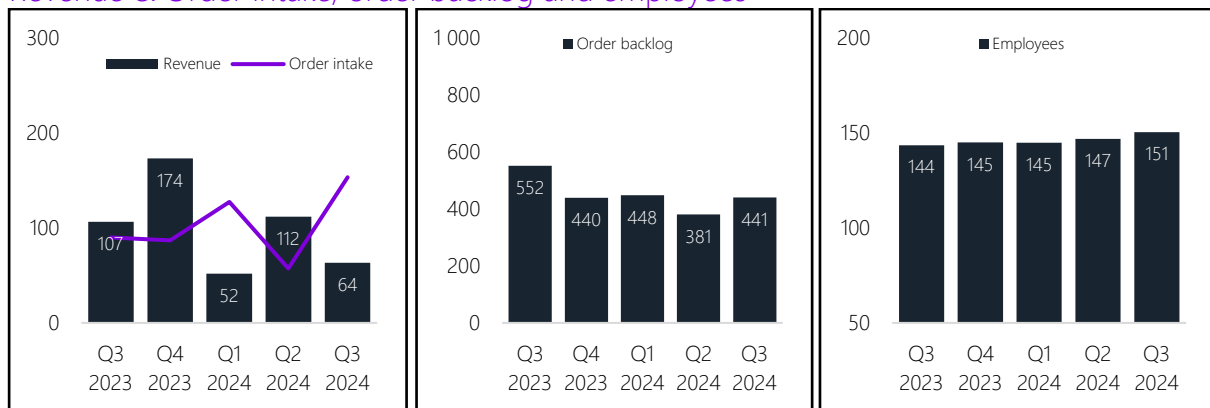
Product development for the next-generation pressurized alkaline electrolyser continues to progress well with full-size electrode testing ongoing at Nel’s test center in Notodden, Norway, and a prototype plant under construction in the same facilities. Nel believes this technology platform will become very competitive on a levelized cost of hydrogen (LCOH) basis compared to alternative solutions currently available in the market.

Nel PEM Electrolyser

Key figures

(Amounts in NOK million)	Q3 2024	Q3 2023	Change	YTD 2024	YTD 2023	Change	2023
Revenue	64	107	-40%	227	301	-24%	474
EBITDA	-57	-23		-143	-90		-130
Order intake	154	90	71%	339	367	-8%	454
Order backlog	441	552	-20%				440
Employees	151	144	5%				145
Total assets	1 648	1 534	7%				1 591

Revenue & Order intake, order backlog and employees



Nel PEM Electrolyser reported a 40% decrease in revenue compared to the same quarter last year. In the quarter there were unusually low revenues on projects and small-scale, kW-type hydrogen electrolyzers.

Low revenues in the quarter and high research and development expenses resulted in an EBITDA decline of 34 MNOK compared to third quarter 2023. The third quarter included NOK 58 million in research and development expenses compared to 60 MNOK in Q3 2023. As for the alkaline segment, project margins are in general up compared to previous years due to more favourable terms and conditions and more mature solutions.

The PEM segment reported an order backlog of NOK 441 million, up NOK 60 million from the previous quarter mainly driven by a NOK 80 million contract in Europe.

The expansion program for the Wallingford facility, which aims at increasing annual capacity from 50MW to 500MW, remained on plan. Increased capacity allows Nel to be a credible provider for large-scale PEM solutions. Moreover, automation and insourcing of key process steps will drive cost reductions on the current platform and enable future cost and performance improvements on next-generation platforms. As for the alkaline division, the cost structure and utilization of the Wallingford production capacity will be adjusted to market demand.

Product development for a next-generation PEM electrolyser in collaboration with General Motors is progressing according to plan. A smaller scale test electrolyser with significantly lower material cost and improved energy efficiency is being built.

Finance – Continuing operations

(Amounts in NOK million)	Q3 2024	Q3 2023 restated	YTD 2024	YTD 2023 restated	2023 restated
Finance income					
Interest income	26	47	94	123	168
Change in fair value financial instruments	0	0	0	1	1
Other	0	0	0	1	5
Interest income and other finance income	26	48	95	125	174
Finance costs					
Interest expense	-4	-4	-12	-10	-14
Net foreign exchange gain (loss)	8	-19	5	21	26
Change in fair value financial instruments	0	-90	-3	-333	-311
Other	-1	0	-1	0	-1
Interest expense and other finance costs	3	-112	-10	-323	-301
Net finance income (cost)	29	-65	84	-198	-127

Nel reported finance income of NOK 26 million (Q3 2023: 48) in the quarter, mainly driven by interest income of NOK 26 million (Q3 2023: 47) from cash and cash equivalents. The decrease in interest income can be attributed to the lower cash amount in the period.

Finance costs in the quarter were NOK 3 million compared to NOK -112 million in the same quarter last year. Same quarter last year had change in fair value of shareholdings had a net negative effect of net NOK -90 million compared to NOK 0 this quarter.

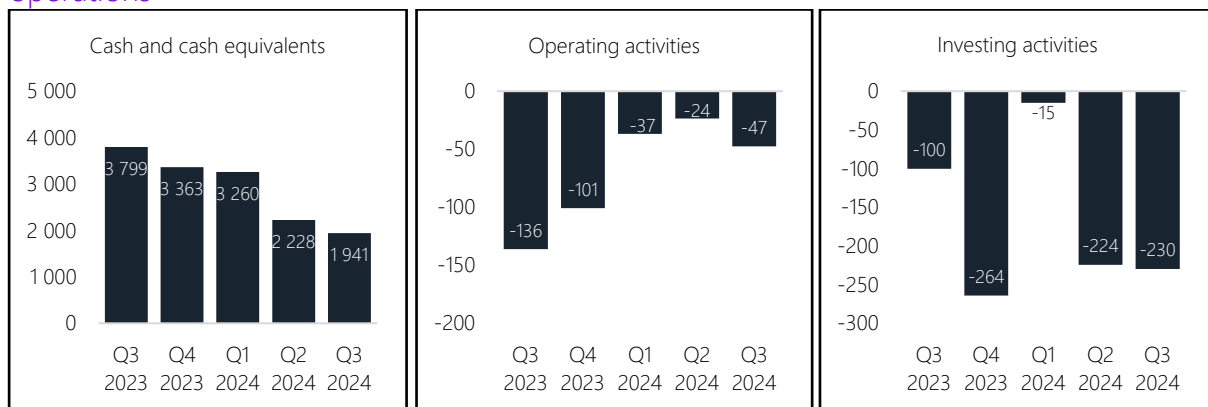
Third quarter 2024 included NOK 3 million (Q3 2023: -24) in currency exchange gain resulting from revaluing internal loans, caused by a weaker NOK against USD.

Cash – Continuing operations

Cash flow from operating activities, investing activities and financing activities presented in this section excludes cash flow from discontinued operations, refer to Note 7 for analysis of cash flows from discontinued operation.

(Amounts in NOK million)	Q3 2024	Q3 2023	Change	YTD 2024	YTD 2023	Change	2023
Net cash flow from operating activities	-47	-136		-108	-363		-464
Net cash flow from investing activities	-230	-100		-469	-334		-598
Net cash flow from financing activities	-10	-9		-651	1 559		1 549
Foreign currency effects on cash	0	-2		1	4		0
Net change in cash continuing operation	-287	-248		-1 227	866		487
Net change in cash discontinued operation	0	-75		-196	-206		-262
Cash and cash equivalents OB	2 228	4 122	-46%	3 363	3 139	7%	3 139
Cash and cash equivalents	1 941	3 799	-49%	1 941	3 799	-49%	3 363

Cash and cash equivalents, operating activities and investing activities – Continuing operations



Financing activities year to date includes the cash balance of NOK 625 million of the distributed company Cavendish Hydrogen ASA.

Cash flow from operating activities was negative as Nel continues to pursue its growth strategy. Changes in net working capital increased cash by NOK 12 million (Q3 2023: -115) in the quarter. Since Nel has a limited set of large-scale projects, temporary mismatches between cash inflows and outflows on individual projects has a significant effect on working capital.

The purchase of property, plant and equipment totalled NOK 132 million (Q3 2023: 96) in the quarter. The accumulated amount of expenditures for 500MW PEM expansion in Wallingford in the course of construction is NOK 230 million as of 30 September 2024. The total cost to completion beyond September 2024 for the PEM expansion is around NOK 81 million.

The investing activities in the third quarter 2024 included net NOK -70 million (Q3 2023: 20) in changes to restricted bank deposits and collateral for bank guarantees with a maturity longer than three months at the date of purchase. Other investment activities in the quarter included capitalised internal development of next generation electrolyzers for a total of NOK 27 million (Q3 2023: 34).

Foreign currency effect on cash was limited as Nel holds a significant portion of cash in NOK, which is also the presentation currency of Nel.

Risks and uncertainty

Nel is exposed to significant risk and uncertainty factors, which may affect some or all of the group's activities. Nel is exposed to operational, financial, market and climate-related risk. These risks could occur individually or simultaneously. The spin-off of Cavendish Hydrogen ASA has led to a reduced scope of operations for the Nel group. Other than as a result of the spin-off of Cavendish Hydrogen ASA, there are no significant changes in the risks and uncertainty factors described in our Annual Report 2023.

Outlook

According to the International Energy Association and the Hydrogen Council, approximately 1 500 hydrogen projects have so far been announced globally. Projects for decarbonizing hard to abate industrial sectors, e.g. refinery, ammonia, methanol and steel, are expected to drive short- to mid-term demand for electrolyzers. Over time large installations to balance energy systems, which depend on intermittent renewable energy, are expected to become another important demand driver.

Delays in announced government incentives for project developers/offtakers, higher interest rates, and higher than expected costs for building and operating hydrogen facilities (outside of Nel's core scope) have led to lower than expected order intake for the industry as a whole and for Nel. However, Nel has a large and growing pipeline of opportunities. Many high-quality projects with reputable clients continue to mature and get closer to final investment decisions but order intake is likely to vary significantly from quarter to quarter. Nel's backlog is also subject to risks including delays and cancellations.

Nel's strategy is to deliver reliable and energy-efficient electrolyzers to large projects, primarily in Europe and North America. This approach allows Nel to focus its efforts and resources on developing technology and not on generic engineering activities. To handle the scope Nel does not cover, Nel has partnered with world-class EPC companies like Saipem. Nel is well positioned to maintain a leading role among electrolyzer manufacturers. A proven track record over several decades, a diverse product portfolio covering both alkaline and PEM solutions, and automated GW-scale production facilities are important differentiating factors. Nel also continues to make significant investments in improving the performance of current technology platforms and maturing next generation technologies, for example a pressurized alkaline system and a new PEM stack developed in collaboration with General Motors.

Higher revenues in combination with more efficient execution is expected to yield profitability over time, as already been demonstrated in the alkaline segment in quarters with solid capacity utilization. This positive market outlook has driven Nel's investments in technology, manufacturing capacity, and organizational capabilities, which negatively affect current results. Nel has raised significant capital to fund this expansion and continues to be well capitalized.

Following the spin-off of its former Fueling division (now Cavendish Hydrogen), the operational cash burn-rate has been significantly reduced and the company is adapting its capacity utilization and the size of its organization to market demand, with some delays caused by implementation time. Furthermore, Nel will reduce investments by about 50% in 2025 compared to 2024. This can be achieved without compromising on technology investments and strategic position. The company already has significant annual production capacity available from beginning of 2025 and can harvest prior investments.

Oslo, 16 October 2024

The Board of Directors

Ole Enger
Chair
(Electronically signed)

Beatriz Malo de Molina
Board member
(Electronically signed)

Charlotta Falvin
Board member
(Electronically signed)

Arvid Moss
Board member
(Electronically signed)

Hanne Blume
Board member
(Electronically signed)

Tom Røtjær
Board member
(Electronically signed)

Jens Bjørn Staff
Board member
(Electronically signed)

Håkon Volldal
CEO
(Electronically signed)

Condensed interim financial statements

Consolidated statement of comprehensive income (unaudited)

(Amounts in NOK thousands)	Note	Q3 2024	Q3 2023 ³⁾ restated	YTD 2024	YTD 2023 ³⁾ restated	2023 ³⁾ restated
Revenue and income						
Revenue from contracts with customers	3	365 905	302 500	974 353	937 872	1 349 802
Other income		25 383	18 376	70 104	52 025	77 341
Total revenue and income		391 288	320 876	1 044 457	989 897	1 427 143
Operating expenses						
Raw materials		158 412	156 654	346 188	507 650	715 136
Personnel expenses		163 704	133 669	479 436	383 359	545 660
Depreciation, amortisation and impairment	4, 5	56 070	42 558	146 535	126 591	171 692
Other operating expenses		158 775	92 132	356 003	293 028	438 175
Total operating expenses		536 961	425 013	1 328 162	1 310 628	1 870 663
Operating loss		-145 673	-104 137	-283 705	-320 731	-443 520
Finance income		25 911	47 718	94 717	124 594	173 755
Finance cost		3 274	-112 434	-10 252	-323 072	-300 787
Share of loss from associates and joint ventures		0	0	0	-2 786	-3 714
Net financial items		29 185	-64 716	84 465	-201 264	-130 746
Pre-tax income (loss)		-116 488	-168 853	-199 240	-521 995	-574 266
Tax expense (income)		-1 326	-2 027	-5 428	-6 072	-8 162
Net income (loss) from continuing operation		-115 162	-166 826	-193 812	-515 923	-566 104
Net income (loss) from discontinued operation	7	0	-59 460	13 289	-244 885	-289 092
Net income (loss) for the period		-115 162	-226 286	-180 523	-760 808	-855 196
Items that are or may subsequently be reclassified to income statement:						
Currency translation differences		-17 287	8 084	2 606	65 466	-1 253
Cash flow hedges, effective portion of changes in fair value		-31 354	36 571	-47 097	-30 347	-18 504
Cash flow hedges, reclassified		22 142	-12 879	34 684	25 687	34 417
Other comprehensive income		-26 499	31 776	-9 807	60 806	14 660
Total comprehensive income		-141 661	-194 510	-190 330	-700 002	-840 536
Basic EPS (figures in NOK) ¹⁾		-0.07	-0.14	-0.11	-0.46	-0.52
Diluted EPS (figures in NOK) ²⁾		-0.07	-0.14	-0.11	-0.46	-0.52
Weighted average number of outstanding shares (million)		1 671	1 671	1 671	1 645	1 652

1) Basic earnings per share are computed using the weighted average number of ordinary shares outstanding.

2) Diluted earnings per share are computed using the weighted average number of ordinary shares outstanding adjusted for share options. The number of share options outstanding in Q1, Q2 and Q3 was 16 946, 11 855 and 6 664, respectively, as potential shares.

3) The comparative information has been restated due to a discontinued operation from spin-off of the former Nel Hydrogen Fueling division. For reference, please see Note 7.

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	30.09.2024	31.12.2023
ASSETS			
Intangible assets	4	970 469	1 015 046
Property, plant and equipment	5	1 584 966	1 305 678
Other non-current assets		240 575	159 359
Total non-current assets		2 796 010	2 480 083
Inventories		484 503	703 990
Trade receivables	6	684 087	812 407
Contract assets		44 664	49 767
Other current assets		232 648	447 342
Cash and cash equivalents		1 940 718	3 363 431
Total current assets		3 386 620	5 376 937
TOTAL ASSETS		6 182 630	7 857 020
EQUITY AND LIABILITIES			
Shareholders' equity		4 946 800	6 197 736
Total equity		4 946 800	6 197 736
Deferred tax liability		33 294	38 436
Long-term debt		0	22 458
Lease liabilities		191 288	199 136
Other non-current liabilities		71 364	71 103
Total non-current liabilities		295 946	331 133
Trade payables		131 454	204 863
Lease liabilities		66 632	38 067
Contract liabilities		574 701	715 288
Other current liabilities		167 097	369 933
Total current liabilities		939 884	1 328 151
Total liabilities		1 235 830	1 659 284
TOTAL EQUITY AND LIABILITIES		6 182 630	7 857 020

The accompanying notes are an integral part of the condensed consolidated financial statements (unaudited).

Consolidated statement of cash flows (unaudited)

(Amounts in NOK thousands)	Q3 2024	Q3 2023 ⁶	YTD 2024	YTD 2023 ⁶	2023 ⁶
Cash flow from operating activities					
Pre-tax income (loss) ¹⁾	-116 488	-228 480	-185 951	-767 381	-872 534
Depreciation, amortisation and impairment	56 070	56 062	170 419	165 995	225 785
Change in net working capital ²⁾	12 247	-120 812	-50 955	-336 366	-458 396
Other adjustments ³⁾	699	98 236	-200 027	408 278	435 477
Net cash flow from operating activities	-47 472	-194 994	-266 514	-529 474	-669 668
Cash flow from investment activities					
Purchases of property, plant and equipment	-132 166	-101 868	-443 010	-321 755	-573 589
Payments for capitalised technology	-27 479	-33 772	-117 870	-93 980	-166 242
Purchases of other investments ⁴⁾	-79 327	-23 682	-93 107	-92 219	-92 219
Investments in associates and joint ventures	0	0	0	-973	-973
Proceeds from sales of other investments ⁴⁾	9 172	43 844	151 021	140 655	186 211
Net cash flow from investing activities	-229 800	-115 478	-502 966	-368 272	-646 812
Cash flow from financing activities					
Interest paid ⁵⁾	-4 318	-4 047	-12 299	-11 434	-15 461
Gross cash flow from share issues	0	0	0	1 609 200	1 609 200
Transaction costs connected to share issues	0	0	0	-24 696	-24 696
Distribution of shares in Cavendish Hydrogen ASA ⁷⁾	0	0	-625 420	0	0
Payment of lease liabilities	-5 284	-6 069	-15 954	-18 170	-25 773
Payment of non-current liabilities	0	-234	-759	-760	-1 533
Net cash flow from financing activities	-9 602	-10 350	-654 432	1 554 140	1 541 737
Foreign currency effects on cash	-190	-2 415	1 199	4 112	-376
Net change in cash and cash equivalents	-287 064	-323 237	-1 422 713	660 506	224 881
Cash and cash equivalents beginning of period	2 227 782	4 122 293	3 363 431	3 138 550	3 138 550
Cash and cash equivalents	1 940 718	3 799 056	1 940 718	3 799 056	3 363 431

1) Q3 2024 includes interests received of NOK 26 (47) million.

2) Change in net working capital comprises changes in inventories, trade receivables, contract assets, contract liabilities and trade payables.

3) Other adjustments in the third quarter 2024 includes a fair value adjustment of financial instruments of NOK 0 million. The net fair value adjustment was NOK -90 million in the third quarter 2023. In addition, year to date 2024 includes NOK 144 million in non-cash impact from discontinued operation. Refer to Note 7 for additional information of reclassification of foreign currency translation reserve and gain related to distribution of discontinued operation.

4) Other investments comprise short-term shares and restricted bank deposits and collateral for bank guarantees with a maturity longer than three months at the date of purchase.

5) Interest paid includes interest expense on lease liabilities.

6) Consolidated Statement of Cash Flows 2023 has not been restated while Statement of Comprehensive Income has been restated due to a discontinued operation.

7) The line item includes the cash balance distributed as part of the company Cavendish Hydrogen ASA. Refer to Note 7 for additional information.

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 31.12.2022	312 665	7 098 186	-84	119 878	-2 081 037	5 449 608
Net loss					-855 196	-855 196
Currency translation differences				-1 253		-1 253
Hedging reserve				15 913		15 913
Capital increase	21 600	1 562 904				1 584 504
Options and share program					4 160	4 160
Equity as of 31.12.2023	334 265	8 661 090	-84	134 538	-2 932 073	6 197 736
Net loss					-180 523	-180 523
Currency translation differences				2 606		2 606
Hedging reserve				-12 413		-12 413
Capital increase						0
Options and share program					1 921	1 921
Distribution of shares in Cavendish Hydrogen ASA (Note 7)		-1 062 527				-1 062 527
Equity as of 30.09.2024	334 265	7 598 563	-84	124 731	-3 110 675	4 946 800

Notes to the interim financial statements

Note 1 Organisation and basis for preparation

Corporate information

Nel is a global, dedicated hydrogen electrolyser technology company, delivering solutions to efficiently produce hydrogen from renewable energy. The company serves industries, energy, and gas companies with leading technology making it possible to decarbonize various sectors such as transportation, refining, steel and ammonia. The history of the company dates back to 1927, and has since then continuously developed and improved its hydrogen production technology offering. Today, its solutions cover the only industrially relevant and commercially ready electrolyser platforms; alkaline and PEM. The company continues to invest in current offering as well as develop next-generation technologies. Nel currently has two divisions: Nel Alkaline Electrolyser and Nel PEM Electrolyser.

Nel (org. no 979 938 799) was formed in 1998 and is a Norwegian public limited company listed on the Oslo Stock Exchange under the ticker "NEL". 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 2023 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 2023.

As a result of rounding differences, numbers or percentages may not add up to the total.

Discontinued operation

A discontinued operation refers to a disposal group of assets and liabilities, together as a group in a single transaction, that has been disposed of or is classified as "held-for-distribution". The disposal group must represent a separate major line of business, a geographical area of operations, or be a subsidiary acquired exclusively with the intent to resell.

The disposal group shall be classified as a discontinued operation at the earlier of the date of disposal or when the disposal becomes highly probable.

The results of the discontinued operation are presented separately in the statement of comprehensive income, with restatement of prior period figures as if the operation had been discontinued from the start of the comparative year.

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
- Expected credit loss assessment
- Fair value of distribution of non-cash assets to owners

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 2023 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 2023 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. Nel has since the publication of the Annual Report 2023 distributed and separately listed the former operating segment Nel Hydrogen Fueling. Starting from the second quarter 2024, the segment is not reported as part of Nel's operations. Based on the growth of the company, Nel reevaluated its segment reporting during the first quarter 2024 and is reporting its previous Electrolyser segment as two separate segments.

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 Alkaline Electrolyser and Nel PEM Electrolyser.

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)	Q3 2024	Q3 2023	Change	YTD 2024	YTD 2023	Change
Revenue						
Nel Alkaline Electrolyser	302 380	195 764	54%	746 950	637 213	17%
Nel PEM Electrolyser	63 525	106 736	-40%	227 403	300 659	-24%
Total	365 905	302 500	21%	974 353	937 872	4%
EBITDA						
Nel Alkaline Electrolyser	4 466	-8 016		107 868	-22 002	
Nel PEM Electrolyser	-57 102	-23 360		-142 992	-90 477	
Corporate ¹⁾	-36 967	-30 205		-102 046	-81 663	
Total	-89 603	-61 579		-137 170	-194 140	
Investments ²⁾						
Nel Alkaline Electrolyser	125 005	84 006	49%	362 650	322 421	12%
Nel PEM Electrolyser	34 640	36 477	-5%	164 468	58 910	179%
Total	159 645	120 483	33%	527 118	381 331	38%
Total assets ³⁾						
Nel Alkaline Electrolyser	2 377 914	1 721 052	38%			
Nel PEM Electrolyser	1 647 963	1 534 338	7%			
Corporate	2 156 753	3 805 825	-43%			
Total	6 182 630	7 061 215	-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)	30.09.2024	30.09.2023	Change	31.12.2023	Change
Norway	1 152 911	830 970	39%	906 172	27%
Denmark	0	115 382	-100%	114 157	-100%
USA	432 055	144 369	199%	282 856	53%
South Korea	0	2 612	-100%	2 493	-100%
Total	1 584 966	1 093 333	45%	1 305 678	21%

Note 4 Intangible assets

(Amounts in NOK thousands)	Note	Goodwill	Technology	Customer relationship	Total
Carrying value of 01.01.2024		375 305	631 521	8 220	1 015 046
Additions		0	117 870	0	117 870
Amortisation		0	-63 364	-7 984	-71 348
Discontinued operation	7	0	-114 598	-364	-114 962
Currency translation differences		10 351	13 384	128	23 863
Carrying value as of 30.09.2024		385 656	584 813	0	970 469

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 two Cash Generating Units (CGUs). Goodwill and intangible assets are related to CGU Alkaline Electrolyser and CGU PEM Electrolyser.

Note 5 Property, plant and equipment

Property, plant and equipment comprise owned and leased assets

(Amounts in NOK thousands)	Note	Land, buildings and equipment	Right-of-use assets	Total
Carrying value of 01.01.2024		1 105 049	200 629	1 305 678
Additions		443 010	3 796	446 806
Remeasurements		0	20 394	20 394
Disposals		-116	0	-116
Depreciation		-75 186	-23 885	-99 071
Discontinued operation	7	-120 384	-10 796	-131 180
Currency translation differences		41 091	1 364	42 455
Carrying value as of 30.09.2024		1 393 464	191 502	1 584 966

Note 6 Trade receivables

The following table provides information about the exposure to credit risk and expected credit losses for trade receivables from individual customers at the end of this quarter.

(Amounts in NOK thousands)	Weighted average loss rate ¹⁾	Gross carrying amount ²⁾	Loss allowance ²⁾
Current (not past due)	0.1 %	175 268	262
1-30 days past due	0.2 %	65 390	163
31-60 days past due	0.5 %	23 408	129
61-90 days past due	2.0 %	4 824	99
91 days to one year past due	7.7 %	172 380	13 203
More than one year past due	10.0 %	285 348	28 676
Carrying value as of 30.09.2024	5.9 %	726 618	42 531

1) Loss rates are based on actual credit loss experience over the past two years. These rates are multiplied by a factor to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and Nel's view of economic conditions over the expected lives of the receivables.

2) About 75% of the net trade receivables past due are related to one customer. This quarter includes no revenue from this customer. Nel has security for the unpaid net trade receivables from this customer in the sold goods and can reclaim as inventory items in the event of default.

Note 7 Discontinued operation

Nel completed the distribution (repayment of paid-in share capital) and separate listing of Cavendish Hydrogen ASA (CAVEN) in June 2024. CAVEN and its subsidiaries have historically been reported as a separate operating segment within Nel, Nel Hydrogen Fueling. On June 7, 2024, the shares in CAVEN were distributed to shareholders in Nel ASA. Shareholders of Nel received one CAVEN share for every 50 shares held in Nel, with rounding to the nearest whole share. The shares in CAVEN were listed on the Euronext Oslo Stock Exchange on 12 June 2024.

Following the distribution, Nel's ownership in CAVEN was reduced from 100% to 0%. Given Nel's loss of control, the CAVEN group is no longer consolidated as part of Nel group as of 7 June 2024. The comparative condensed consolidated statement of comprehensive income has been restated to show the discontinued operation separately from continuing operations.

There was no public offering of shares in CAVEN in connection with the listing that priced the non-cash dividend. The fair value based on non-observable market assumptions of the net assets distributed to the shareholders was NOK 1 063 million (approximately NOK 0.63 of non-cash dividend distributed per share held in Nel), compared to a book value of NOK 970 million. A gain from the distribution of discontinued operation of NOK 93 million was recognised in Q2 2024. The cumulative exchange differences related to a foreign operation that have been included in the foreign currency translation reserve are reclassified to profit or loss when the foreign operation is distributed. A total exchange gain of NOK 51 million has been reclassified from OCI to the income statement on distribution of the foreign operations in CAVEN.

Results of discontinued operation

(Amounts in NOK thousands)	Q3 2024	Q3 2023	YTD 2024	YTD 2023	2023
Revenue and income					
Revenue from contracts with customers	0	81 110	157 220	235 508	331 269
Other income	0	3 507	2 084	14 057	14 664
Total revenue and income	0	84 617	159 304	249 565	345 933
Operating expenses					
Raw materials	0	32 598	73 048	100 572	141 788
Personnel expenses	0	62 811	107 605	198 998	275 643
Depreciation, amortisation and impairment	0	13 504	23 884	39 405	54 094
Other operating expenses	0	36 632	84 854	123 272	130 391
Total operating expenses	0	145 546	289 391	462 247	601 916
Operating loss	0	-60 929	-130 087	-212 682	-255 983
Finance income	0	549	2 590	1 342	1 750
Finance cost	0	752	-3 685	-34 047	-44 036
Share of loss from associates and joint ventures	0	0	0	0	0
Net financial items	0	1 301	-1 095	-32 705	-42 286
Pre-tax income (loss)	0	-59 628	-131 182	-245 387	-298 269
Tax expense (income)	0	-167	-280	-502	-9 177
Results of discontinued operation, net of tax¹⁾	0	-59 460	-130 902	-244 885	-289 092
Reclassification of foreign currency translation reserve	0	0	51 337	0	0
Gain related to distribution of discontinued operations	0	0	92 854	0	0
Net income (loss) from discontinued operation	0	-59 460	13 289	-244 885	-289 092

1) YTD 2024 results of discontinued operation include accrued expenses of NOK 22 million for listing on Euronext Oslo Børs.

Cash flows from/(used in) discontinued operation

(Amounts in NOK thousands)	Q3 2024	Q3 2023	YTD 2024	YTD 2023	2023
Cash flow from operating activities					
Continuing operation	-47 472	-136 199	-107 769	-363 109	-463 931
Discontinued operation ¹⁾	0	-58 795	-158 745	-166 365	-205 737
Net cash flow from operating activities	-47 472	-194 994	-266 514	-529 474	-669 668
Cash flow from investing activities					
Continuing operation	-229 800	-100 291	-469 261	-333 572	-597 734
Discontinued operation ¹⁾	0	-15 187	-33 705	-34 700	-49 078
Net cash flow from investing activities	-229 800	-115 478	-502 966	-368 272	-646 812
Cash flow from financing activities					
Continuing operation	-9 602	-9 172	-25 553	1 558 731	1 548 962
Discontinued operation ¹⁾	0	-1 178	-3 459	-4 591	-7 225
Distribution of shares in Cavendish Hydrogen ASA ¹⁾	0	0	-625 420	0	0
Net cash flow from financing activities	-9 602	-10 350	-654 432	1 554 140	1 541 737
Net change in cash and cash equivalents					
Continuing operation	-287 064	-248 077	-601 383	866 161	486 921
Discontinued operation ¹⁾	0	-75 160	-195 910	-205 655	-262 040
Distribution of shares in Cavendish Hydrogen ASA ¹⁾	0	0	-625 420	0	0
Net change in cash and cash equivalents	-287 064	-323 237	-1 422 713	660 506	224 881

1) Cash flows from discontinued operation includes consolidated cash flows until 7 June 2024.

Effect of distribution of the financial position

(Amounts in NOK thousands)	7 June 2024
ASSETS	
Intangible assets	-114 962
Property, plant and equipment	-131 180
Other non-current assets	-11 736
Inventories	-248 292
Trade receivables	-78 231
Contract assets	-2 311
Other current assets	-38 706
LIABILITIES	
Deferred tax liability	721
Long-term debt	22 543
Non-current lease liabilities	5 501
Other non-current liabilities	14 352
Trade payables	13 394
Current lease liabilities	4 467
Contract liabilities	125 570
Other current liabilities	94 616
Net assets and liabilities	-344 253
Cash distributed	-625 420
Equity impact	-969 673
Fair value dividend adjustment	92 854
Fair value dividend paid	1 062 527

Alternative Performance Measures (APMs) from discontinued operation

(Amounts in NOK thousands)	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023	2023
Order intake	61 252	52 380	14 227	198 565	24 524	289 696
Order backlog	321 814	364 205	411 994	491 872	358 018	364 205
EBITDA	-47 342	-28 612	-47 425	-68 362	-57 491	-201 890

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 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 order intake where revenue is yet to be recognised.

Title:

Q3 2024 Report

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