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Nel ASA: Adjusts capacity to market demand

(January 13, 2025 - Oslo, Norway) Nel ASA (Nel, OSE:NEL) and its subsidiaries have initiated a process to adjust capacity to market demand by reducing the workforce and temporarily halting production at the Alkaline production facility in Herøya, Norway.

The market for renewable hydrogen production technology has been slower than expected for the industry in general, including Nel. Order intake in 2023 and 2024 fell short of expectations, and several customer projects are significantly delayed or are at risk of being cancelled. In addition, Nel has initiated a process to retain control over delivered equipment as compensation for more-than-one-year overdue receivables (from an undisclosed customer) as communicated in previous financial reports. As a result, Nel has limited need to produce new alkaline electrolyser equipment in the near-term and will adjust its production and organizational capacity correspondingly.

“While the long-term outlook for clean hydrogen remains strong, we must make some tough decisions today based on lower order intake in 2024 than expected,” says Nel’s President and CEO, Håkon Volldal. “This is an unfortunate situation, and I’m sorry that we now have to let go of many qualified people.”

Nel has decided to halt production in Herøya temporarily. This will predominantly impact the Norwegian workforce in the Alkaline business segment. The planned reductions will affect roughly 20% of the full-time employees reported at the end of the third quarter 2024. Approximately half of the reductions have already been executed in the fourth quarter of 2024 through voluntary resignations and termination of consultants.

“The company remains well financed, and with these actions we will preserve cash while still being able to aggressively pursue sales opportunities and invest in technology development,” says Kjell Christian Bjørnsen, CFO of Nel.

Nel continues to see a strong pipeline of clean hydrogen projects and is actively working on several concrete bids, including projects where Nel is currently undertaking paid front-end engineering design (FEED) studies. Nel also sees good near-term opportunities to sell containerized PEM systems. The company will also continue to further develop its current and next-generation technology platforms.

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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.

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