

Third quarter 2023 results presentation

25 October 2023

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Agenda

1. Nel in brief
2. Q3 2023 highlights
3. Commercial developments
4. Market & technology
5. Summary
6. Q&A





This is Nel

Leading pure play hydrogen technology company with a global presence, specializing in electrolyser technology and hydrogen fueling equipment

We unlock the potential of renewables and enable global decarbonization

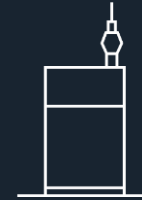
Leading pure play hydrogen technology company with a global footprint



Listed on the Oslo Stock Exchange (NEL.OSE) since 2014



Leading electrolyser manufacturer, with >3 500 units delivered in 80+ countries since 1927



Leading manufacturer of hydrogen fueling stations, with >120 H2Station™ solutions delivered/in progress to 14 countries.



Manufacturing facilities in Norway, the US, and Denmark



Global sales network and offices



~650 employees



Preferred partner with industry leaders



NOK 3.8 billion in cash reserves

2. Q3 2023 highlights

Q3 2023

Highlights

Financial results and financing

Revenues and income

NOK 405 million

EBITDA

NOK -109 million

Order intake

NOK 352 million

Order backlog

NOK 2 854 million

Cash balance

NOK 3 799 million

Key developments in Q3 2023

- EUR 9 million contract for alkaline stacks and balance of stacks to Hyd'Occ in France
- EUR 11 million contract for alkaline stacks to Bondalti in Portugal
- Obtained USD 5.6 million in additional funding from the U.S. Department of Defense (DoD) for accelerating advanced PEM electrolyser stack development
- Selected Plymouth Charter Township, a suburb of Detroit, Michigan, as the location for the next gigafactory
 - Secured more than USD 50 million in support for potential Michigan site
 - Pending approval of additional state and federal applications this amount could increase to around USD 125 million
- Reached a milestone of generating more than NOK 1 billion (NOK 1 239 million) in revenues for the first nine months of 2023 (vs. FY'22 revenues of NOK 994 million)

Financial highlights

(NOK million)	Q3 2023	Q3 2022	YTD 2023	YTD 2022
Revenue and income	405	183	1 239	579
EBITDA	-109	-214	-367	-563
<i>EBITDA margin</i>	-27%	-117%	-29%	-97%
EBIT	-165	-260	-533	-688
Pre-tax income (loss)	-228	-262	-767	-456
Net income (loss)	-226	-260	-761	-450
Net cash flow from operating activities	-195	-118	-529	-497
Cash balance at end of period	3 799	3 520		

Segment Financials

ELECTROLYSER DIVISION (NOK million)	Q3 2023	Q3 2022	Change	YTD'23	YTD'22	Change
Total revenue and operating income	321	148	116%	990	437	127%
EBITDA	-31	-94		-112	-237	
<i>EBITDA margin</i>	-10%	-64%		-11%	-54%	
Order intake	338	680	-50%	1 122	1 077	4%
Order backlog	2 442	1 680	45%			

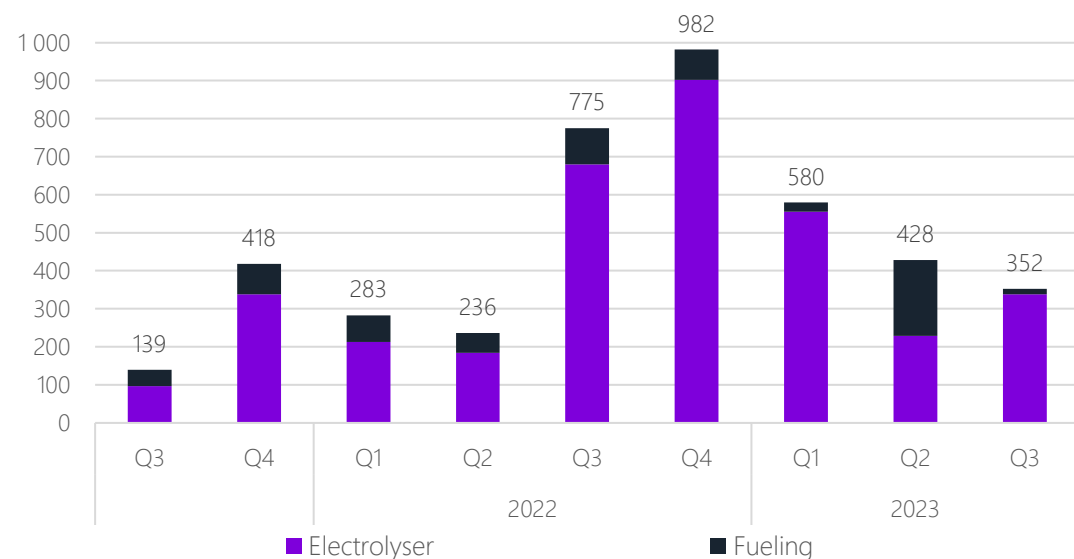
- 194% YoY increase in alkaline revenues and 51% increase in PEM revenues based on monetization of high order backlog
- Significant EBITDA margin improvement as some of the new contracts with better terms/conditions are recognized and execution is improving. Further improvements are necessary and achievable

FUELING DIVISION (NOK million)	Q3 2023	Q3 2022	Change	YTD 2023	YTD 2022	Change
Total revenue and operating income	85	35	143%	250	143	75%
EBITDA	-47	-93		-173	-236	
<i>EBITDA margin</i>	-55%	-266%		-69%	-165%	
Order intake	14	95	-85%	237	217	10%
Order backlog	412	423	-3%			

- Increased station utilisation enables learnings/improvements, but also increases costs of units under warranty or on fixed-rate service contracts
- Significant improvements in station uptime and performance amid targeted investments in service and maintenance, robustness, and reliability
- Will continue to incur high costs in Fueling in coming quarters, but efforts to reduce costs are starting to take effect

Order intake and backlog

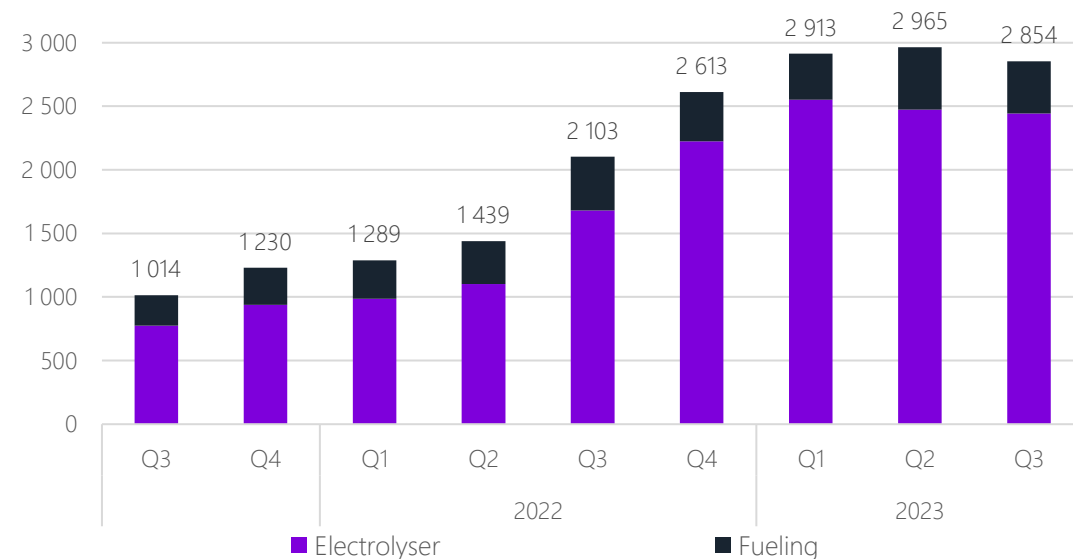
ORDER INTAKE (NOK million)



Order intake Q3 2023:	NOK	352 million	-55%	y/y
- Electrolyser:	NOK	338 million	-50%	y/y
- Fueling:	NOK	14 million	-85%	y/y
LTM order intake:	NOK	2 342 million	+37%	y/y

Order intake expected to vary between quarters as order sizes have increased

ORDER BACKLOG (NOK million)



Order backlog Q3 2023:	NOK	2 854 million	+36%	y/y
- Electrolyser:	NOK	2 442 million	+45%	y/y
- Fueling:	NOK	412 million	-3%	y/y

The order backlog is subject to risks such as delays and/or cancellations

3. Commercial developments

Contract for 20 MW of electrolyser equipment in France



- Client: Hyd'Occ
- Size: 20 MW
- Value: EUR 9 million
- The French renewable energy producer, Qair, is the main shareholder. The local government is also an owner
- Will supply renewable hydrogen to local industry and transportation in southern France
- Firm purchase order for alkaline stacks and balance of stacks. The stacks are planned to be delivered to the client around year-end 2023

Contract for 40 MW of electrolyser equipment in Portugal



- Client: Bondalti
- Size: 40 MW
- Value: EUR 11 million

- Bondalti is the largest company in the Portuguese chemical industry
- The electrolyser will supply hydrogen to the client's chemical processes, as well as long-haul transportation and gas grid injection
- Facility is targeting production in the beginning of 2026
- Wood has been contracted for the FEED study related to the project

One containerized PEM system sold in Q3'23, to be deployed in Australia



- Client: Undisclosed
- Type: MC500 (two stacks)
- Output: ~1 000 kg/day

- In total, three containerized systems sold YTD
- Demand for containerized units continues to be good
- A containerized solution offers:
 - A complete system
 - Short delivery time
 - Easy installation

Ovako's pioneering hydrogen project inaugurated

- The world's first fossil-free hydrogen plant to heat steel prior to rolling
- Sweden's, and one of Europe's, largest electrolyser plant (20 MW) for renewable hydrogen production
- This is the second 20 MW alkaline system delivered by Nel in Europe
- Will provide important learnings for future projects, showcasing real experience for larger electrolyser systems



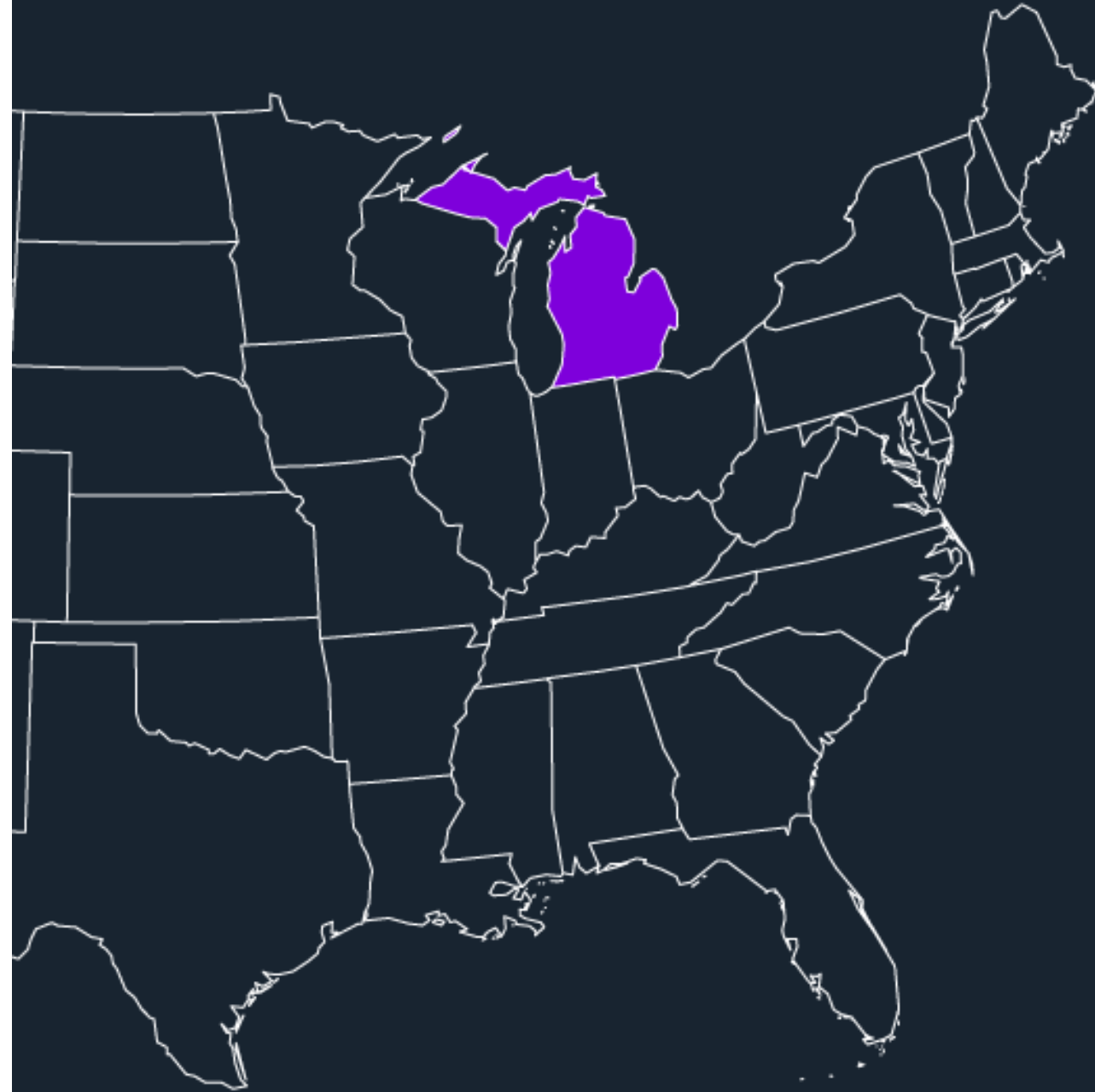
Decades of experience in the US

- Nel has been present in the US for 27 years
- Since 2010, the company has received more than USD 50 million in funding from US authorities, and will receive additional USD ~10 million for ongoing projects
- Nel has engaged with a wide range of National Labs, has a close technology development partnership with GM, and has delivered military-grade equipment for the US Department of Defense
- Support for the US Hydrogen Hubs, as well as the Inflation Reduction Act, has made the US the most attractive place globally for renewable hydrogen production



USD >50 million in funding secured for the US Gigafactory

- Selected Plymouth Charter Township, a suburb of Detroit, for the new Gigafactory
- The state of Michigan has awarded Nel USD >50m in support for establishing a new factory in the state
 - ~4/5 tax credit/exemption
 - ~1/5 cash support
- Nel could potentially receive additional funding of USD 75m in federal/state support, predominantly in cash
- The support is subject to green industry job creation and firm investments made by Nel



4. Market & technology

- Project pipeline
- Electrolyser manufacturing capacity
- Technology development

Well positioned for large-scale leadership

- Continued positive pipeline development where average size of Nel's top 20 leads is ~360 MW (median of ~250 MW)
- However, large-scale projects have higher complexity, and the overall risk is increasing for both project developers and the technology providers
 - Increasing cost of capital with rising interest rates
 - Increasing renewable power prices
 - Lack of visibility on funding schemes
 - Reduced concern about available capacity

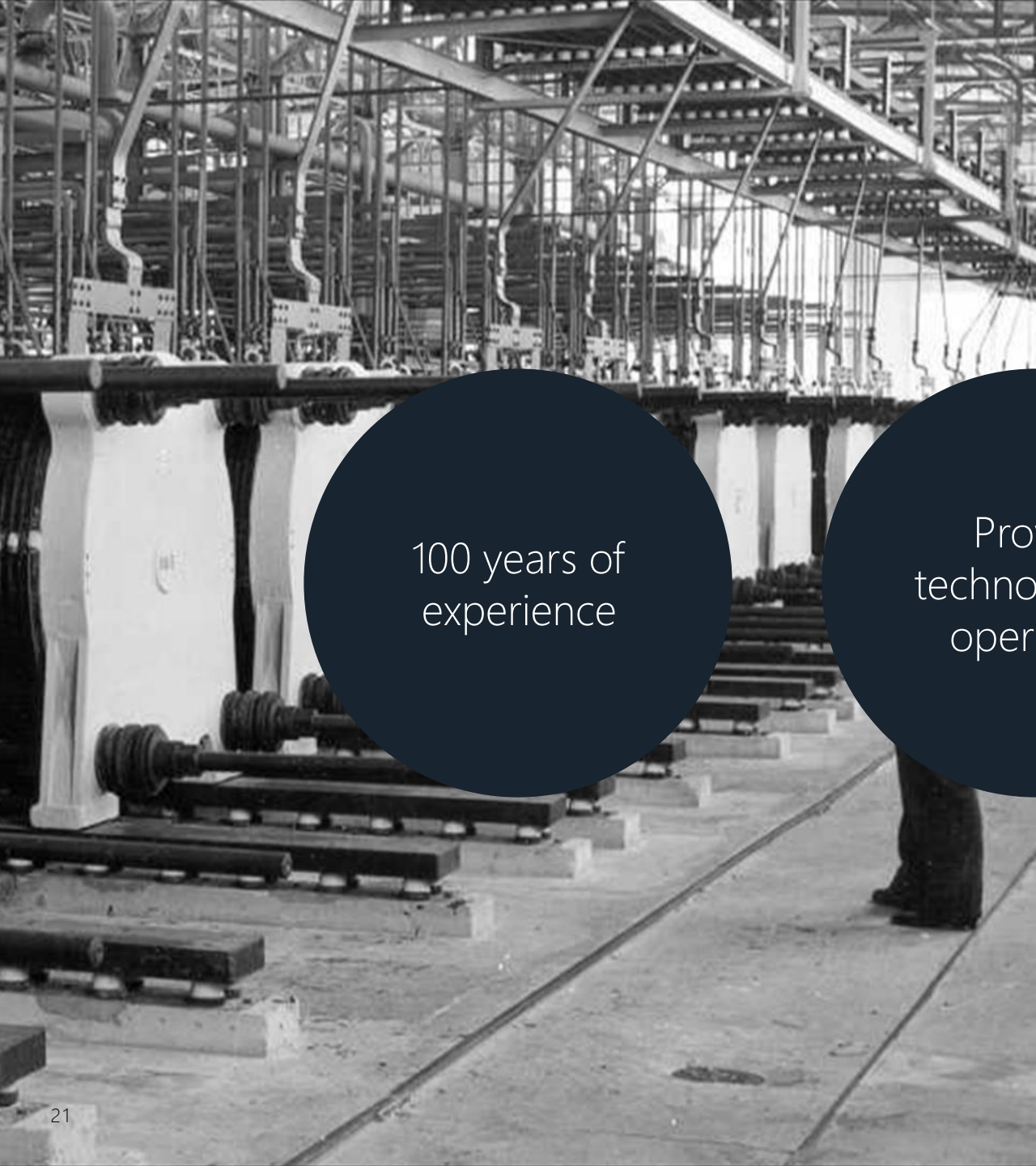
Nel is in a financially sound position and will only sign contracts with acceptable risk profiles that have a positive financial contribution



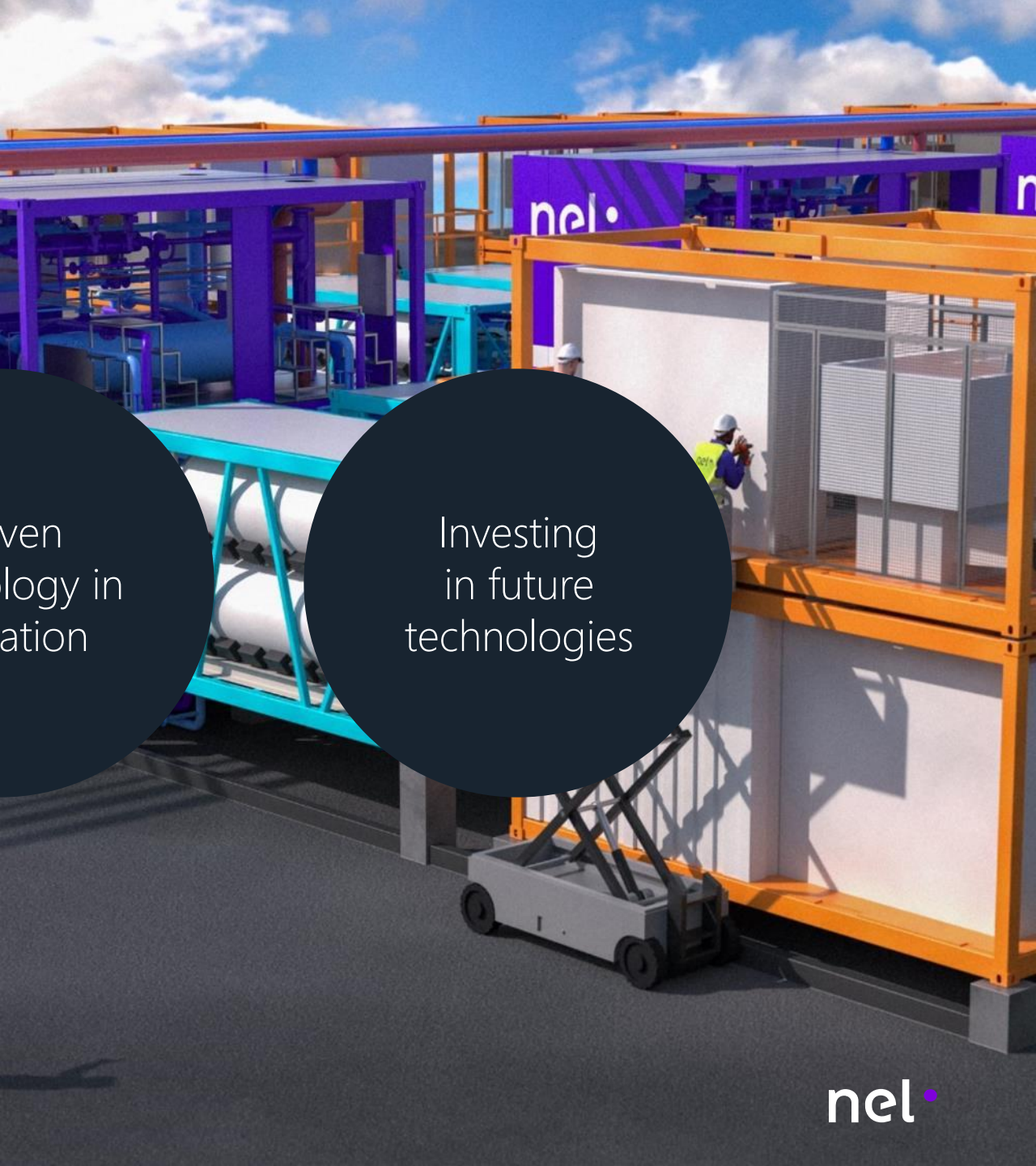
Global manufacturing capacity misconception

- 'PowerPoint capacity' and real electrolyser production capacity is not the same
 - Difference between nameplate and actual capacity
 - Misalignment between announced capacity and availability of required components
- Substantial difference between companies that have proven and bankable technology, and those who don't
- A substantial number of claimed electrolyser technology providers will likely not survive





100 years of experience



Proven technology in operation

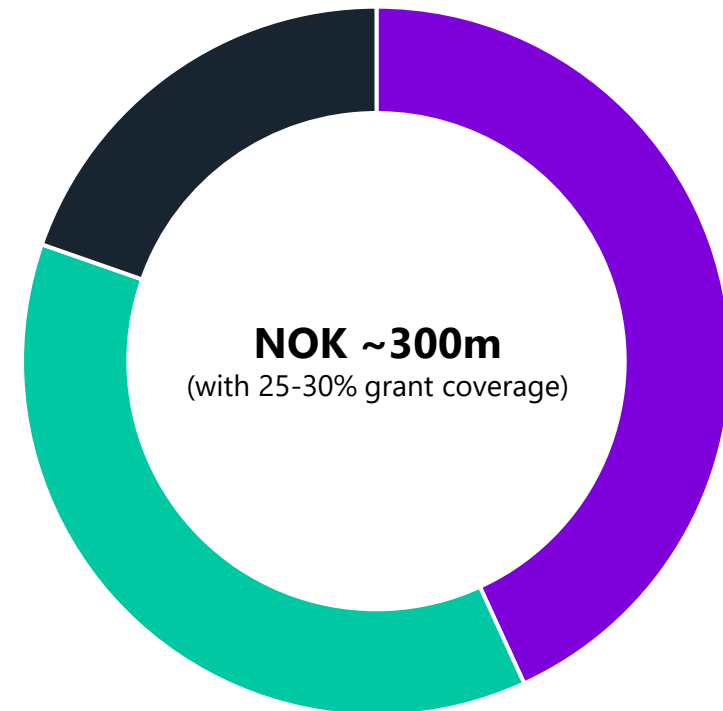
Investing in future technologies

Electrolyser R&D spending

TECHNOLOGY ROADMAP

- Capturing the full potential of current offering
 - Volume scale-up
 - Improved sourcing
 - Further product enhancements
- Preparing launch of new offering with new "S-curves"
 - Next generation PEM based on GM collaboration
 - Next generation Pressurised Alkaline
- Selectively investing in future platforms
 - AEM
 - Direct integration with offshore wind
 - Etc.

ESTIMATED FY'23 GROSS R&D SPENDING



■ PEM ■ Pressurised Alkaline ■ Atmospheric Alkaline

Sneak peek: Next generation Pressurised Alkaline

- Nel used to have a pressurized alkaline solution, similar to what is being offered today, that did not add any benefits to the product portfolio
- Next generation is a fundamental redesign by a dedicated team working for more than 5 years
- System optimization in every detail from electrode design and production to system integration to substantially improve LCOH:
 - High efficiency (OPEX)
 - Short response time (OPEX)
 - Simplified system design (CAPEX)
 - Significant footprint reduction (CAPEX)
 - Outdoor installation possible (CAPEX)
 - Easy shipping and installation (CAPEX)



5. Summary

Nel's value proposition

- Unrivalled track record
 - Decades of experience
 - Large installed base
- Technology leadership
 - Multiple technology platforms
 - Proven solutions
- Cost and scale leadership
 - Front-runner in cost reductions
 - Market leading production capabilities

*With increased size, complexity and risk,
the need for competence and experience
increases accordingly*



Third quarter 2023 summary



Significant revenue increase
and continued positive margin
development



Two alkaline electrolyser
contracts and one PEM
containerized contract signed



Line 2 at Herøya on track → 1 GW
Wallingford expansion on track → 500 MW

Concluded on US GW site, currently
secured >50 MUSD in state support

number one by nature