

nel•



Nel ASA

Q3 2023 report

Contents

Highlights	2
Key figures	2
Financial development	4
Group	4
Nel Hydrogen Electrolyser	5
Nel Hydrogen Fueling	6
Finance	7
Cash	8
Risks and uncertainty	9
Outlook	9
Condensed interim financial statements	11
Notes to the interim financial statements	15
Alternative Performance Measures	21

Highlights

- Nel ASA (Nel) reported revenue and income in the third quarter 2023 of NOK 405 million, up 121% from the third quarter 2022 (Q3 2022: 183). All segments, Fueling, PEM electrolyzers and alkaline electrolyzers experienced strong growth compared to the same quarter last year.
- EBITDA in the quarter was NOK -109 million (Q3 2022: -214). The EBITDA is improving with increasing revenues on large-scale electrolyser contracts and improving cost control in Nel Fueling.
- Net loss of NOK -226 million (Q3 2022: -260), mainly related to loss from operations and a net negative unrealised fair value adjustment from shareholdings of NOK -90 million. The same quarter last year had a net negative unrealised fair value adjustment from shareholdings of NOK -99 million.
- Order intake in the quarter amounted to NOK 352 million (96% from electrolyser), down 55% from the same quarter last year (Q3 2022: 775).
- At quarter end, Nel had an order backlog of NOK 2 854 million (86% related to electrolyser), up 36% from the third quarter of 2022, and in line with the previous quarter.
- Cash balance of NOK 3 799 million at quarter end (Q3 2022: 3 520).
- Reached a milestone of generating more than NOK 1 billion (NOK 1 239 million YTD 2023) in revenue and income (Full year 2022 revenue and income of NOK 994 million).

Key figures

(Amounts in NOK million)	Q3 2023	Q3 2022	YTD 2023	YTD 2022	2022 ²⁾
Revenue and income	405	183	1 239	579	994
Operating expenses ²⁾	571	443	1 773	1 267	2 272
EBITDA	-109	-214	-367	-563	-780
Operating loss ²⁾	-165	-260	-533	-688	-1 279
Pre-tax income (loss) ¹⁾²⁾	-228	-262	-767	-456	-1 187
Net income (loss) ¹⁾²⁾	-226	-260	-761	-450	-1 171
Net cash flow from operating activities	-195	-118	-529	-497	-691
Cash balance end of period	3 799	3 520	3 799	3 520	3 139
Order intake	352	775	1 359	1 293	2 275
Order backlog	2 854	2 103	2 854	2 103	2 613

1) Pre-tax income (loss) and Net income (loss) include fair value adjustments of shareholdings in Everfuel A/S, Hydrogen Energy Network (HyNet) and Hyon AS. Refer to note 7 for detailed information of listed equity instruments.

2) Operating expenses for the full year 2022 of NOK 2 272 million include NOK 327 million impairment in Fueling recognised in Q4 2022.

Key press releases during the quarter and subsequent events

Nel Hydrogen Electrolyser

Electrolyser received purchase orders for:

- An alkaline electrolyser in France producing hydrogen to industry and transportation. Value approximately EUR 9 million.
- An alkaline electrolyser in Portugal producing hydrogen for chemical processes. Value approximately EUR 11 million.
- Granted USD 5.6 million in funding from the U.S. Department of Defense (DoD) for accelerating advanced PEM electrolyser stack development.
- Nel has selected Plymouth, a suburb of Detroit, in Michigan, US, as the location for its next electrolyser manufacturing gigafactory. Fully developed, the factory will be among the world's largest facilities of its kind, with a total annual capacity of 4GW divided between alkaline and PEM technology. Nel has so far secured more than USD 50 million in support of its Michigan site. Pending approval of additional state and federal applications, this amount could increase to approximately USD 125 million.

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

[Press releases | Nel Hydrogen](#)

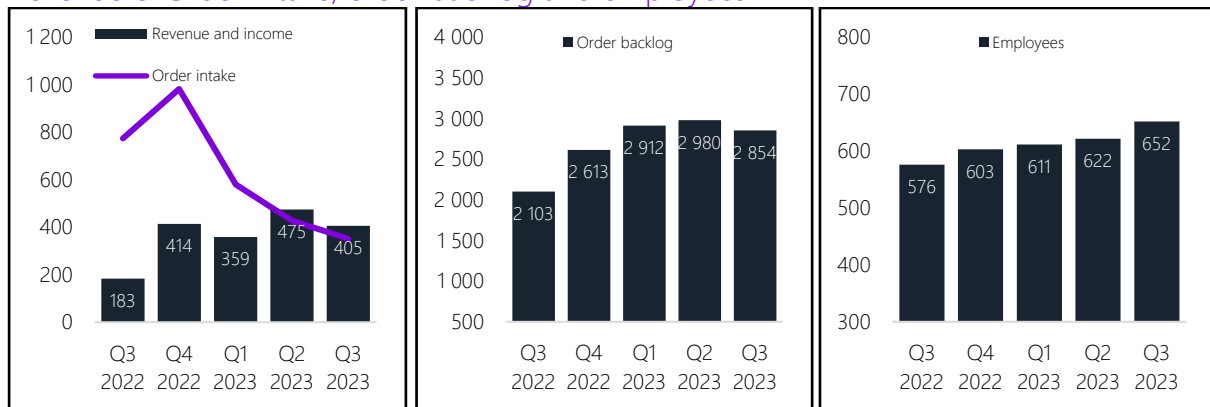
Financial development

Group

Key figures

(Amounts in NOK million)	Q3 2023	Q3 2022	Change	YTD 2023	YTD 2022	Change	2022
Revenue and income	405	183	121 %	1 239	579	114 %	994
Operating expenses	571	443	29 %	1 773	1 267	40 %	2 272
EBITDA	-109	-214		-367	-563		-780
Order intake	352	775	-55 %	1 359	1 293	5 %	2 275
Order backlog	2 854	2 103	36 %				2 613
Employees	652	576	13 %				603
Total assets	7 953	7 375	8 %				6 951

Revenue & Order intake, order backlog and employees



Nel reported 121% increase in revenue and income compared to the same quarter last year. The Electrolyser division increased 116% and Fueling increased 143%. Electrolyser is the largest segment in Nel and constitutes 79% (Q3 2022: 71%) of total revenue this quarter.

Nel is committed to building the organizational and production capacity to meet expected market growth, while simultaneously delivering on increasingly larger and more complex projects. This continues to negatively impact the company's profitability. Nel is still in the process of establishing robust project execution protocols, partnership frameworks, and other systems that are important to Nel's operational efficiency. While the company has made notable improvements in ability and effectiveness, further developments are necessary to secure margins and increase profitability. Despite being the company with the most experience in this field, both Fueling and Electrolyser face the execution challenges of this next stage in the company's industrialization.

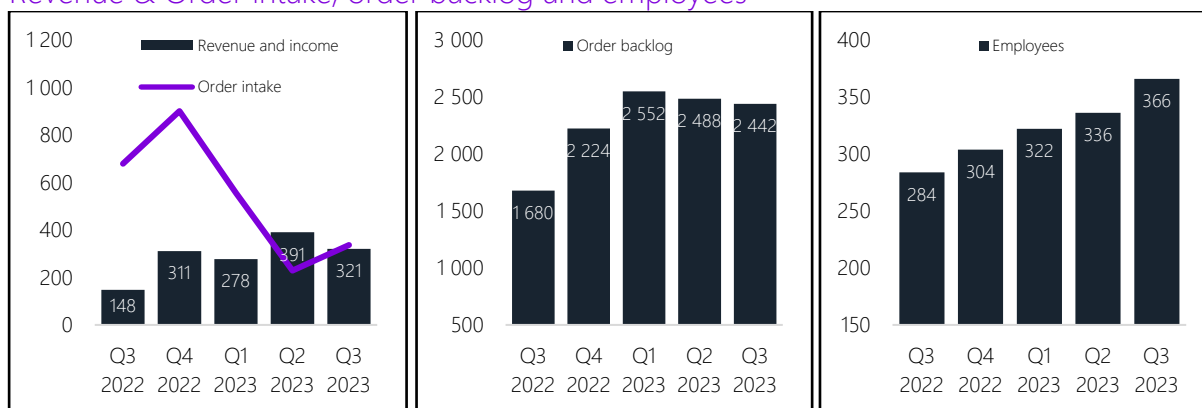
The company's amended electrolyser strategy on large projects is to narrow the scope and concentrate on stacks and balance-of-stacks. As projects grow in size, Nel is partnering with world-class EPC companies. Similarly, Nel's Fueling division has narrowed its technology development focus and will increasingly work with partners on the core development necessary for high capacity fueling aimed for the heavy-duty transportation segment.

Nel Hydrogen Electrolyser

Key figures

(Amounts in NOK million)	Q3 2023	Q3 2022	Change	YTD 2023	YTD 2022	Change	2022
Revenue and income	321	148	116 %	990	437	127 %	748
Operating expenses	393	275	43 %	1 223	759	61 %	1 168
EBITDA	-31	-94		-112	-237		-304
Order intake	338	680	-50 %	1 122	1 077	4 %	1 978
Order backlog	2 442	1 680	45 %				2 224
Employees	366	284	29 %				304
Total assets	3 255	2 331	40 %				2 427

Revenue & Order intake, order backlog and employees



Nel Hydrogen Electrolyser reported a 116% increase in revenue and income compared to the same quarter last year. Growth in alkaline electrolysers was strong as Nel continued the deliveries of electrolyser equipment from the manufacturing facility at Herøya in Norway according to plan. The same quarter last year was one of the first quarters of deliveries from Herøya, and volumes have increased significantly since then. Revenues from sales of alkaline electrolysers increased 194% compared to the same quarter last year, and quarterly sales of PEM electrolysers increased 51% from Q3 2022.

The electrolyser segment reports an order backlog of NOK 2 442 million, in line with previous quarter. Electrolyser projects are large and reported order intake will therefore vary significantly between quarters depending on the date of signing of such larger contracts. Overall demand is increasing, projects are getting larger, and customers are increasingly looking towards suppliers with available capacity and a track record for delivering equipment.

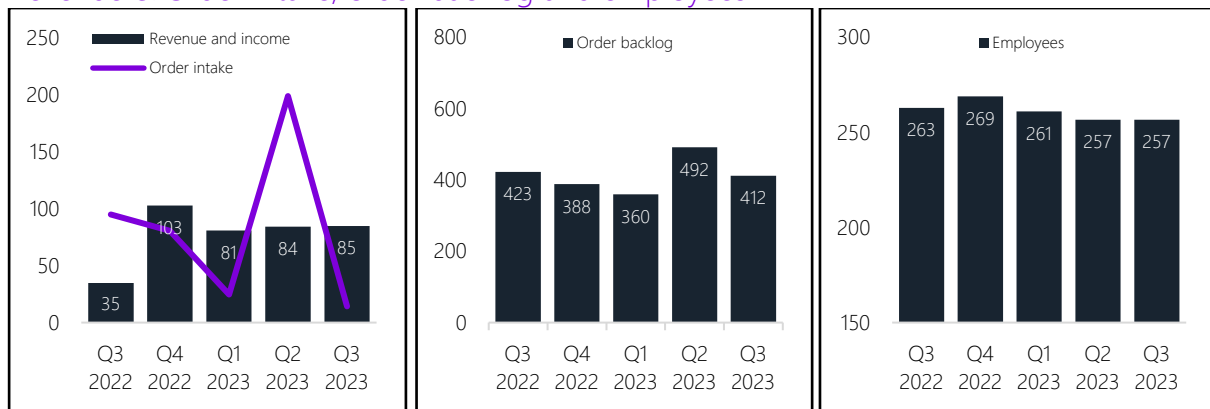
EBITDA continues to be negative for electrolyser as establishing project execution protocols, partnerships and systems is in process at Nel. Nel is preparing for delivery of large-scale projects in the coming years. While significant improvements have been made in our ability and effectiveness in executing projects for our clients, continuous improvements are required to safeguard margins and increase profitability. Bringing new technologies to the market in the form of industrial projects of increasing size and complexity is very challenging. Nel is focused on increasing its efficiency and margins in project execution over time, but recognize that significant investments in people and systems will continue to be required.

Nel Hydrogen Fueling

Key figures

(Amounts in NOK million)	Q3 2023	Q3 2022	Change	YTD 2023	YTD 2022	Change	2022
Revenue and income	85	35	143 %	250	143	75 %	245
Operating expenses	146	140	4 %	462	412	12 %	972
EBITDA	-47	-93		-173	-236		-352
Order intake	14	95	-85 %	237	217	10 %	297
Order backlog	412	423	-3 %				388
Employees	257	263	-2 %				269
Total assets	892	1 125	-21 %				1 005

Revenue & Order intake, order backlog and employees



Revenue in Fueling continues to be low as the low order intake in current and past quarters has limited the revenue recognised and growth this quarter.

EBITDA in Fueling continues to be negative. There has been a large increase in the utilisation of many of Nel’s installed stations, enabling accelerated learnings and improvements in both product maturity and overall reliability. However, increased utilisation also leads to increases in cost for stations under warranty or fixed rate service contracts as components have to be replaced and service and maintenance costs increase. A hydrogen fueling station is a complex and relatively new technology. The hydrogen industry, including Nel, is still working to mature the technology as well as investing in service and maintenance, robustness, and reliability. Nel will continue to incur high costs related to these activities going forward. Nel has over the last few quarters seen that its efforts to reduce such costs are starting to take effect.

Finance

(Amounts in NOK million)	Q3 2023	Q3 2022	YTD 2023	YTD 2022	2022
Finance income					
Interest income	47	22	123	43	72
Change in fair value financial instruments	0	22	1	239	20
Other	1	4	2	4	6
Interest income and other finance income	48	48	126	286	98
Finance costs					
Interest expense	-3	-3	-12	-8	-11
Net foreign exchange gain (loss)	-19	74	20	119	56
Change in fair value financial instruments	-90	-121	-365	-165	-50
Other	0	0	0	-1	-1
Interest expense and other finance costs	-112	-49	-357	-55	-6
Net finance income (cost)	-64	-2	-231	231	92

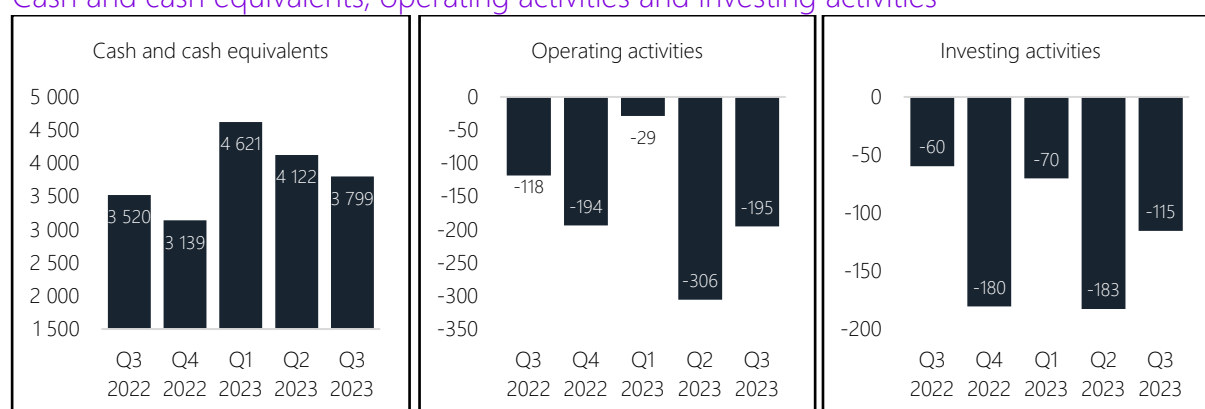
Nel reported finance income of NOK 48 million (Q3 2022: 48) in the quarter, comprising interest income of NOK 47 million (Q3 2022: 22) from cash and cash equivalents. Increase in interest income is caused by increased NOK interest rate in particular, and increased cash balance.

Finance costs in the quarter were NOK -112 million compared to NOK -49 million in the same quarter last year. The net change in fair value of shareholdings had a negative effect of NOK -90 million this quarter (Q3 2022: -121), due to change in fair value of Nel's shareholding in Everfuel of NOK -90 million. Third quarter 2023 includes NOK -24 million (Q3 2022: 51) in currency exchange loss resulting from revaluing internal loans, caused by a stronger NOK against USD and EUR.

Cash

(Amounts in NOK million)	Q3 2023	Q3 2022	Change	YTD 2023	YTD 2022	Change	2022
Net cash flow from operating activities	-195	-118		-529	-497		-691
Net cash flow from investing activities	-115	-60		-368	-223		-403
Net cash flow from financing activities	-10	39		1 554	1 503		1 495
Foreign currency effects on cash	-2	13		4	14		14
Net change in cash	-323	-126		661	797		416
Cash and cash equivalents OB	4 122	3 646	13 %	3 139	2 723	15 %	2 723
Cash and cash equivalents	3 799	3 520	8 %	3 799	3 520	8 %	3 139

Cash and cash equivalents, operating activities and investing activities



Cash flow from operating activities was negative as Nel continues to pursue its growth strategy, investing in an expanded organization to address the volume and complexity of global project tenders and execution activity. Changes in net working capital decreased cash by NOK -121 million (Q3 2022: 82) 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 investing activities in the third quarter 2023 included net NOK 20 million (Q3 2022: -42) in changes to restricted bank deposits and collateral for bank guarantees with a maturity longer than three months at the date of purchase. The purchase of property, plant and equipment totalled NOK 102 million (Q3 2022: 55) in the quarter, of which NOK 47 million relates to line 2 expansion at Herøya. Other investment activities in the quarter included capitalised internal development of next generation electrolysers and fueling stations for a total of NOK 34 million (Q3 2022: 36).

Foreign currency effect on cash was low and 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. There are no significant changes in the risks and uncertainty factors described in our Annual Report 2022.

Outlook

External and internal analyses support a market view that multiple gigawatts of electrolyser projects will reach final investment decision before 2025. Industrial applications represent the most promising near-term opportunities. Projects are expected to commence first in mature markets, before large greenfield installations integrated with renewable energy sources gradually are expected to become another important market segment. The recent increase in interest rates and raw material prices makes renewable energy more expensive, potentially negatively influencing the near- to mid-term market outlook.

Nel is in a good position to maintain its leading position in electrolysers. Nel's production capability is an important differentiating factor short- to mid-term. Based on a large and growing pipeline of opportunities and improved funding schemes in both the EU and the US, Nel has the ambition to win several new large-scale orders in the coming periods. Higher revenues in combination with better scoping and improved pricing of individual contracts in combination with more efficient execution are expected to yield greater profitability in Electrolyser in the years to come, as revenue from projects is recognized over time from execution to completion. This positive market outlook drives Nel's continued investments in engineering, project management, project execution, and related personnel, which continues to negatively affect current results. Larger projects are more complex and require more work in all phases from planning through execution. Order intake is likely to vary significantly from quarter to quarter. The order backlog is subject to risks, including delays and cancellations.

In Fueling, the current market dynamics and outlook are different than in Electrolyser. The long-term market outlook is positive, but short-term demand continues to be challenging. Nel has high-quality energy companies on its customer list that believe that tomorrow's heavy-duty vehicles will be powered by green hydrogen. These clients want Nel to continue as a provider of hydrogen fueling equipment to secure sufficient supply and contribute to technology developments. Margins in the Fueling division are currently low as quality costs related to the installed base increase with higher utilisation. This will continue until the performance of the installed base has been stabilized. Nel is dissatisfied with the profitability in its Fueling division and is implementing operational and strategic actions to improve performance and profitability.

Oslo, 25 October 2023

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 2023	Q3 2022	YTD 2023	YTD 2022	2022
Revenue and income						
Revenue from contracts with customers		358 857	174 932	1 180 390	545 373	914 853
Other income		46 636	8 203	59 072	34 121	78 728
Total revenue and income	3	405 493	183 135	1 239 462	579 494	993 581
Operating expenses						
Raw materials		189 252	139 463	608 223	418 617	584 815
Personnel expenses		196 480	163 345	582 357	471 547	664 815
Depreciation, amortisation and impairment	4, 5	56 062	46 300	165 995	124 341	498 781
Other operating expenses		128 764	94 196	416 301	252 783	523 824
Total operating expenses		570 558	443 304	1 772 876	1 267 288	2 272 235
Operating loss		-165 065	-260 169	-533 414	-687 794	-1 278 654
Finance income	7	48 267	47 777	125 936	286 078	97 629
Finance cost	7	-111 682	-49 336	-357 117	-54 669	-5 972
Share of loss from associates and joint ventures		0	0	-2 786	0	0
Net financial items		-63 415	-1 559	-233 967	231 409	91 657
Pre-tax income (loss)		-228 480	-261 728	-767 381	-456 385	-1 186 997
Tax expense (income)		-2 194	-2 090	-6 573	-5 973	-15 828
Net income (loss)		-226 286	-259 638	-760 808	-450 412	-1 171 169
Items that are or may subsequently be reclassified to income statement:						
Currency translation differences		8 084	44 457	65 466	116 676	65 035
Cash flow hedges, effective portion of changes in fair value		36 571	-25 502	-30 347	-27 998	-6 900
Cash flow hedges, reclassified		-12 879	2 267	25 687	-213	-6 848
Other comprehensive income		31 776	21 222	60 806	88 465	51 287
Total comprehensive income		-194 510	-238 416	-700 002	-361 947	-1 119 882
Basic EPS (figures in NOK) ¹⁾		-0.14	-0.17	-0.46	-0.29	-0.76
Diluted EPS (figures in NOK) ¹⁾		-0.14	-0.17	-0.46	-0.29	-0.76
Weighted average number of outstanding shares (million)		1 671	1 561	1 645	1 530	1 538

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

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	30.09.2023	31.12.2022
ASSETS			
Intangible assets	4	1 000 853	934 456
Property, plant and equipment	5	1 093 333	785 488
Other non-current assets		231 271	252 958
Total non-current assets		2 325 457	1 972 902
Inventories		681 972	504 595
Trade receivables	6	638 015	460 735
Contract assets		93 068	96 322
Other current assets	7	415 393	777 408
Cash and cash equivalents		3 799 056	3 138 550
Total current assets		5 627 504	4 977 610
TOTAL ASSETS		7 952 961	6 950 512
EQUITY AND LIABILITIES			
Shareholders' equity		6 337 771	5 449 608
Total equity		6 337 771	5 449 608
Deferred tax liability		42 278	45 529
Long-term debt		22 843	22 431
Lease liabilities		204 124	170 177
Other non-current liabilities		82 989	71 151
Total non-current liabilities		352 234	309 288
Trade payables		169 144	201 744
Lease liabilities		37 497	30 438
Contract liabilities		719 928	672 291
Other current liabilities		336 387	287 144
Total current liabilities		1 262 956	1 191 617
Total liabilities		1 615 190	1 500 905
TOTAL EQUITY AND LIABILITIES		7 952 961	6 950 512

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 2023	Q3 2022	YTD 2023	YTD 2022	2022
Cash flow from operating activities					
Pre-tax income (loss) ¹⁾	-228 480	-261 729	-767 381	-456 386	-1 186 998
Depreciation, amortisation and impairment	56 062	46 301	165 995	124 342	498 782
Change in net working capital ²⁾	-120 812	81 929	-336 366	45 700	37 242
Other adjustments ³⁾	98 236	15 083	408 278	-210 500	-39 606
Net cash flow from operating activities	-194 994	-118 416	-529 474	-496 844	-690 580
Cash flow from investment activities					
Purchases of property, plant and equipment	-101 868	-54 516	-321 755	-89 448	-160 486
Payments for capitalised technology	-33 772	-35 765	-93 980	-89 378	-118 251
Purchases of other investments ⁴⁾	-23 682	-47 093	-92 219	-122 599	-206 450
Investments in other financial assets	0	0	0	0	-5 296
Investments in associates and joint ventures	0	0	-973	0	-1 160
Proceeds from sales of other investments ⁴⁾	43 844	77 719	140 655	78 735	88 555
Net cash flow from investing activities	-115 478	-59 655	-368 272	-222 690	-403 088
Cash flow from financing activities					
Interest paid ⁵⁾	-4 047	-2 533	-11 434	-7 721	-11 166
Gross cash flow from share issues	0	45 599	1 609 200	1 545 599	1 545 866
Transaction costs connected to share issues	0	-79	-24 696	-23 374	-23 426
Payment of lease liabilities	-6 069	-3 679	-18 170	-10 431	-14 400
Payment of non-current liabilities	-234	0	-760	-745	-1 889
Net cash flow from financing activities	-10 350	39 308	1 554 140	1 503 328	1 494 985
Foreign currency effects on cash	-2 415	12 634	4 112	13 702	14 464
Net change in cash and cash equivalents	-323 237	-126 129	660 506	797 496	415 781
Cash and cash equivalents beginning of period	4 122 293	3 646 394	3 138 550	2 722 769	2 722 769
Cash and cash equivalents	3 799 056	3 520 265	3 799 056	3 520 265	3 138 550

1) The third quarter 2023 includes interest received of NOK 47 million (22).

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

3) The third quarter 2023 includes a fair value adjustment of financial instruments of NOK -90 million. The fair value adjustment was NOK -99 million in the third quarter 2022.

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.

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 31.12.2021	292 160	5 596 248	-81	68 591	-918 214	5 038 704
Net loss					-1 171 169	-1 171 169
Currency translation differences				65 035		65 035
Hedging reserve				-13 748		-13 748
Capital increase	20 505	1 501 935				1 522 440
Options and share program		3	-3		8 346	8 346
Equity as of 31.12.2022	312 665	7 098 186	-84	119 878	-2 081 037	5 449 608
Net loss					-760 808	-760 808
Currency translation differences				65 466		65 466
Hedging reserve				-4 660		-4 660
Capital increase	21 600	1 562 904				1 584 504
Options and share program					3 661	3 661
Equity as of 30.09.2023	334 265	8 661 090	-84	180 684	-2 838 184	6 337 771

Notes to the interim financial statements

Note 1 Organisation and basis for preparation

Corporate information

Nel is a global, dedicated hydrogen company, delivering optimal solutions to produce, store, and distribute hydrogen from renewable energy. We serve industries, energy, and gas companies with leading hydrogen technology. Our roots date back to 1927, and since then, we have had a proud history of development and continuous improvement of hydrogen technologies. Today, our solutions cover the entire value chain: from hydrogen production technologies to hydrogen fueling stations, enabling industries to transition to green hydrogen, and providing fuel cell electric vehicles with the same fast fueling and long range as fossil-fuelled vehicles - without the emissions. The group has two divisions: Nel Hydrogen Electrolyser and Nel Hydrogen Fueling.

Nel (org. no 979 938 799) was formed in 1998 and is a Norwegian public limited company listed on the Oslo Stock Exchange. 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 2022 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 2022.

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

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

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 2022 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 2022 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.

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 Hydrogen Electrolyser and Nel Hydrogen Fueling.

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 2023	Q3 2022	Change	YTD 2023	YTD 2022	Change
Revenue and income						
Nel Hydrogen Electrolyser	320 875	148 367	116 %	989 897	436 881	127 %
Nel Hydrogen Fueling	84 618	34 768	143 %	249 565	142 613	75 %
Total	405 493	183 135	121 %	1 239 462	579 494	114 %
EBITDA						
Nel Hydrogen Electrolyser	-31 376	-93 819		-112 479	-237 234	
Nel Hydrogen Fueling	-47 425	-93 456		-173 278	-235 814	
Corporate ¹⁾	-30 202	-26 594		-81 662	-90 405	
Total	-109 003	-213 869		-367 419	-563 453	
Investments ²⁾						
Nel Hydrogen Electrolyser	120 483	75 703	59 %	381 331	139 406	174 %
Nel Hydrogen Fueling	15 157	14 578	4 %	34 403	39 420	-13 %
Total	135 640	90 281	50 %	415 734	178 826	132 %
Total assets ³⁾						
Nel Hydrogen Electrolyser	3 255 390	2 330 728	40 %			
Nel Hydrogen Fueling	891 746	1 125 300	-21 %			
Corporate	3 805 825	3 918 975	-3 %			
Total	7 952 961	7 375 003	8 %			

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)	30.09.2023	30.09.2022	Change	31.12.2022	Change
Norway	830 970	498 322	67 %	562 761	48 %
Denmark	115 382	112 920	2 %	111 225	4 %
USA	144 369	60 287	139 %	107 959	34 %
South Korea	2 612	5 079	-49 %	3 543	-26 %
Total	1 093 333	676 608	62 %	785 488	39 %

Note 4 Intangible assets

(Amounts in NOK thousands)	Goodwill	Technology	Customer relationship	Total
Carrying value of 01.01.2023	365 580	547 387	21 489	934 456
Additions	0	93 980	0	93 980
Amortisation	0	-50 920	-10 661	-61 581
Currency translation differences	23 616	9 281	1 101	33 998
Carrying value as of 30.09.2023	389 196	599 728	11 929	1 000 853

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 three Cash Generating Units (CGUs). Goodwill and intangible assets are related to CGU Electrolyser Norway, CGU Electrolyser US and CGU Fueling.

Note 5 Property, plant and equipment

Property, plant and equipment comprise owned and leased assets

(Amounts in NOK thousands)	Land, buildings and equipment	Right-of-use assets	Total
Carrying value of 01.01.2023	614 556	170 932	785 488
Additions	321 755	26 358	348 113
Remeasurements	0	28 347	28 347
Depreciation	-81 497	-22 917	-104 414
Currency translation differences	31 898	3 901	35 799
Carrying value as of 30.09.2023	887 249	206 084	1 093 333

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.

(Book value in NOK thousands)	Weighted-average loss rate ¹⁾	Gross carrying amount ²⁾	Loss allowance
Current (not past due)	0.1 %	118 121	118
1-30 days past due	0.2 %	55 012	110
31-60 days past due	0.5 %	111 727	559
61-90 days past due	2.0 %	123 935	2 516
91 days to one year past due	5.0 %	244 810	12 286
More than one year past due	10.0 %	-	-
Carrying value as of 30.09.2023	2.4 %	653 604	15 589

- 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) In this quarter, revenue from a single customer was about 31%. As of 30 September 2023, about 61% of the trade receivables past due are related to this customer. Nel has in third quarter received payment from this customer. The total payment received from this customer to date exceeds the operating profit booked to date on the contract. Nel has security for unpaid receivables from this customer in the sold goods.

Note 7 Listed equity instruments

Everfuel

(Book value in NOK thousands)	Shareholding ¹⁾	Acquisition cost NOK/per share	Fair value NOK/per share	Book value ²⁾
Carrying value as of 01.01.2022	12 359 109	1.12	38.18	471 871
Sale of shares 2022	-218 854			-9 820
Fair value adjustment 2022			-2.28	-26 215
Carrying value as of 31.12.2022	12 140 255	1.12	35.90	435 835
Sale of shares Q1 2023	-422 671			-15 731
Fair value adjustment Q1 2023			-5.95	-69 163
Sale of shares Q2 2023	-18 666			-563
Fair value adjustment Q2 2023			-14.25	-166 706
Fair value adjustment Q3 2023			-7.70	-90 082
Carrying value as of 30.09.2023	11 698 918	1.12	8.00	93 591

1) On October 21, 2020, Everfuel A/S listed on Euronext Growth Oslo. Nel's shareholding before the initial public offering was 11 940 000.

2) A NOK 1 increase/reduction in share price of Everfuel A/S will lead to gains/losses of about NOK 12 million.

Hyon

(Book value in NOK thousands)	Shareholding ¹⁾	Acquisition cost NOK/per share	Fair value NOK/per share	Book value
Carrying value of 01.01.2022	9 804 000	0.06	0.06	572
Fair value adjustment 2022			1.42	13 889
Carrying value as of 31.12.2022	9 804 000	0.06	1.48	14 461
Fair value adjustment Q1 2023			-0.75	-7 387
Sale of shares Q1 2023	-9 804 000		0.72	-7 074
Carrying value as of 30.09.2023	0	0	0	0

1) On February 14, 2022, Hyon AS listed on Euronext Growth Oslo. Nel's shareholding before the initial public offering was 9 804 000. The Hyon shares were subject to a lock-up which expired on January 20, 2023.

As of 24 January 2023, Nel has divested all its shares in Hyon AS for a total net consideration of about NOK 7 million.

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.

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 2023 Report

Published date:

25.10.2023

info@nelhydrogen.com

+47 23 24 89 50

Karenslyst allé 49, PB 199 Skøyen,
0212 Oslo, Norway

The publication can be downloaded on

nelhydrogen.com