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Nel ASA: Third quarter 2024 financial results

(October 16, 2024 - Oslo, Norway) Nel ASA (Nel, OSE: NEL) reported revenues of NOK 366 million in the third quarter of 2024, up 21% from NOK 303 million in the same quarter last year. EBITDA in the quarter was NOK -90 million (Q3 2023: -62). The Alkaline segment contributed positively to Group EBITDA, but this was more than offset by the negative contribution from the PEM segment due to unusually low revenues in the quarter. Order intake was NOK 161 million (Q3 2023: 338 million). At the end of the quarter the order backlog was NOK 1 872 million, down 20% year-over-year. The cash balance was NOK 1 941 million at quarter end.

Quarterly highlights

- 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.
- 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 on the back of low project revenue in the quarter.
- 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).

“Nel is in a solid state. We deliver tested and proven technology from state-of-the-art GW production facilities while fast-tracking development of next-generation technologies with significantly lower cost and higher efficiency. We are also onboarding world-class EPC partners and have a strong financial position. The market has remained soft for some time, but we are well positioned to capitalize on the expected uptick and are starting to see signs of improving market conditions,” says Håkon Vollidal, President and CEO of Nel.

Having sufficient scale is key to winning new orders and reaching profitability. Over the last few years, Nel has therefore invested in increased production and organizational capacity. As expected, the increased alkaline revenues, combined with solid gross margins, had a positive EBITDA impact in the quarter.

Nel reported a 21% increase in revenue compared to the third quarter last year. The Alkaline division showed 54% growth compared to the same quarter last year, while PEM was down 40%. Alkaline revenue growth is explained by delivery milestones on a large project, resulting in a positive EBITDA for the division this quarter. This shows that the Alkaline business model is proven and works with scale.

Nel continues to mature a large pipeline of projects, and the accumulated size of its top 20 Alkaline leads is now more than 5 GW, and PEM more than 1 GW.

“Based on a large and growing pipeline of opportunities, I am confident we will win several large orders in the coming periods,” says Vollidal.

The company's strategy is to narrow the scope and concentrate on stacks and balance-of-stack equipment. Nel is, therefore, partnering with world-class EPC companies, such as Saipem, who launched a modular, scalable turn-key 100MW solution this quarter.

“We are proud that Saipem, a world-leading Engineering Procurement and Construction company actively contributing to the energy transition, has selected Nel and our technology. With this solution, we are simplifying large-scale renewable hydrogen production,” says Volldal.

Nel completed the construction of the second 500 MW line in Herøya in Q2 2024 and is closing in on completion of the 500 MW highly automated PEM production line in Wallingford, US. After completing these new production lines, Nel will have 1.5 GW of real, state-of-the-art production capacity and limited CAPEX commitments related to manufacturing scale-up going into 2025.

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.

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

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About Nel ASA | www.nelhydrogen.com

Nel has a history tracing back to 1927 and is today a leading pure play hydrogen technology company with a global presence. The company specializes in PEM and Alkaline electrolyser technology for production of renewable hydrogen. Nel's product offerings are key enablers for a green hydrogen economy, making it possible to decarbonize various industries such as transportation, refining, steel, and ammonia.

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