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# Nel ASA

Q4 2020 interim report

## Highlights of the quarter

- Nel ASA (Nel) reported revenue and operating income in the fourth quarter 2020 of NOK 229.1 million, up 30 % from the fourth quarter 2019 (Q4 2019: 175.9)
- Global travel restrictions and extraordinary measures related to the Covid-19 pandemic have negatively impacted progress on customer/partner dialogue, order intake, installation, commissioning, and production efficiency
- Order backlog reached NOK 981.1 million at the end of the quarter, up 91% from the end of fourth quarter 2019 (up 5% compared to the end of third quarter 2020)
- EBITDA of NOK -96.2 million (Q4 2019: -41.7). Q4 2020 includes a provision of NOK 20.0 million for the received notices of fines (no: forelegg) related to the June 2019 incident at the hydrogen fueling station at Kjørbo, Norway
- Operating loss of NOK -139.3 million (Q4 2019: -62.4) and a pre-tax income of NOK 1 285.1 million (Q4 2019: -95.1), mainly related to a positive fair value adjustment of the shareholding in Everfuel of NOK 1 531.8 million following its listing on Euronext Growth on October 29
- Cash balance of NOK 2 332.9 million (Q4 2019: 526.0)
- Received a purchase order ("PO") for an H2Station™ from Everfuel A/S with a value of around EUR 1.6 million
- Received a PO for a 1.25 MW containerized PEM electrolyser from NREL with a value of about USD 2 million
- Received POs for PEM electrolyser cell stacks for production of life support oxygen for U.S. Navy crews bringing the total value of POs received for life support oxygen equipment above USD 10 million for 2020
- Received a PO for 1.5 MW PEM electrolyser from a large industrial client in the US with a value of approximately USD 2.7 million
- Received a PO from Everfuel A/S for a 20 MW electrolyser for green hydrogen production facility adjacent to the Fredericia refinery in Denmark with a value of around EUR 7.2 million

## Subsequent events

- On January 14, Nel was awarded a EUR 13.5 million contract by Iberdrola for a 20 MW PEM solution for green fertilizer project in Spain
- On January 21, Nel held its first ever Capital Markets Day

## Key figures

<i>(unaudited amounts in NOK million)</i>	Q4 2020	Q4 2019	Full year 2020	Full year 2019
Revenue and operating income	229.1	175.9	651.9	569.7
Operating expenses	368.4	238.3	1 066.4	823.3
EBITDA <sup>1)</sup>	-96.2	-41.7	-251.5	-178.1
Operating loss <sup>1)</sup>	-139.3	-62.4	-414.5	-253.6
Pre-tax income (loss) <sup>2)</sup>	1 285.1	-95.1	1 245.5	-277.2
Net income (loss) <sup>2)</sup>	1 295.4	-93.2	1 261.9	-269.7
Net cash flow from operating activities	-93.9	-61.6	-215.9	-199.7
Cash balance end of period	2 332.9	526.0	2 332.9	526.0

1) The effect of the intangible asset impairments and amortisations of received grants has negatively impacted operating loss by NOK -19.4 million and positively impacted EBITDA by NOK 1.1 million, respectively, in Q4 2020. Expenses and results negatively impacted by NOK 20.0 million provision for Kjørbo fines (no: forelegg), notice received February 16<sup>th</sup> 2021

2) Q4 2020 includes a negative fair value adjustment of the shareholding in Nikola Corporation of NOK -70.8 million (a value of USD 15.26 per share as of December 31, 2020). The fair value adjustment was NOK 1.8 million in the fourth quarter 2019. A USD 10 increase/reduction in the share price of Nikola Corporation will lead to gains/losses of about NOK 100 million with a USD/NOK of 9.0.

Q4 2020 includes a positive fair value adjustment of the shareholding in Everfuel of NOK 1 531.8 million (a value of NOK 125.00 per share as of December 31, 2020). The fair value adjustment was NOK 0.0 in the fourth quarter 2019. The Everfuel shares are subject to a lock-up expiring on October 29, 2021. A NOK 10 increase/reduction in share price of Everfuel will lead to gains/losses of about NOK 120 million.

## Financial development

*Nel revenues and operations have been and are expected to continue to be negatively impacted by disruptions in the value chain, travel restrictions and the general business slowdown caused by Covid-19. Nel remains committed to its strategy and has since 2019 taken on additional costs to prepare for future growth. The revenue shortfall and business disruptions caused by Covid-19 have impacted and will continue to impact financial results negatively but have not resulted in a change of strategy for the company.*

Nel reported revenue and operating income in the fourth quarter 2020 of NOK 229.1 million (175.9), following a growth in the Fueling and Electrolyser segment of 53.4% and 15.9%, respectively, compared to the same quarter in 2019. Revenues were negatively impacted by “stay home - stay safe” policies and travel restrictions arising from the Covid-19 pandemic, both from the portion of revenues that are recognised at delivery or when commissioning is completed and from shorter lead time orders (smaller units and service).

At the end of the fourth quarter 2020, Nel had an order backlog of NOK 981.1 million, up from NOK 512.6 million a year earlier. Order intake is expected to vary between quarters as the order size increases.

Raw material expenses have increased with 32.5% from fourth quarter 2019. The increased raw materials are related to the 25.9% increase in revenue from contracts with customers and is also affected by increased costs from project execution in the Fueling and Electrolyser divisions.

Personnel expenses increased by 37.4% compared to the same quarter in 2019, which is explained by a higher number of employees, up from 310 employees by the end of fourth quarter

2019 to 393 at the end of fourth quarter 2020. Contracted personnel come in addition.

Other operating expenses increased by 126.6%. Q4 2020 includes a provision of NOK 20.0 million for the notices received on February 16<sup>th</sup>, 2021 of fines (no: forelegg) related to the June 2019 incident at the hydrogen fueling station at Kjørbo, Norway. The high level of personnel and other operating costs are the results of Nel’s strategic decision to pursue growth and higher activity levels.

Costs for the stock option- and share incentive program, which are included in personnel expenses, were NOK 2.3 million (1.9) in the quarter.

EBITDA ended at NOK -96.2 million (-41.7), while the EBITDA margin was -42.0% (-23.7%). Nel’s customer projects often include new geography, customer segments, technological components, and/or products leading to additional costs and risk

Depreciation, amortisation and impairment were NOK 43.1 million (20.7) in the quarter. The increase was driven by the NOK 20.5 million impairment of intangible assets.

Operating loss amounted to NOK -139.3 million (-62.4) in the period.

Net financial items amounted to a gain of NOK 1 424.4 million (-32.7) and was driven by a positive fair value adjustment of the shareholding in Everfuel of NOK 1 531.8 million.

Pre-tax income was NOK 1 285.1 million (-95.1) in the quarter and the net income was NOK 1 295.4 million, compared to a loss of NOK -93.2 million in the same quarter 2019.

Total comprehensive income is positive with NOK 1 238.6 million (-106.4). There was a negative currency translation difference, net of tax, of NOK

-65.4 million in the quarter (-15.5) related to converting statement of financial position from subsidiaries in USD and DKK into NOK using a lower currency rate than in the previous quarter.

Total assets were NOK 6 136.7 million at the end of the quarter, compared to NOK 2 430.7 million at the end of 2019, mainly due to an increase of cash from share capital increases in January and June and increase in fair value of equity instruments. Total equity was NOK 5 468.3 million, thus, the equity ratio was 89.1%.

Net cash flow from operating activities in the quarter was NOK -93.9 million, compared to NOK -61.6 million in the fourth quarter in 2019. The development is mainly due to higher personnel and operating expenses. Net cash flow from investing activities was NOK -114.4 million (-59.2).

Nel's cash balance at the end of fourth quarter 2020 was NOK 2 332.9 million. The increase from end of 2019 is mainly due to raising net proceeds of NOK 818.8 million and NOK 1 265.5 million from the share capital increase in January and June, respectively. This is partly offset by negative cash flow from operations and investments.

### *Full year 2020*

Nel reported revenue and operating income for 2020 of NOK 651.9 million (2019: 569.7 million). A growth of 14%. Fueling achieved a growth for the year of 30%, while growth in Electrolyser was 3%. Operating expenses increased to NOK 1 066.4 million (823.3), resulting in an operating loss of NOK -414.5 million (-253.6) and a net income of NOK 1 261.9 (-269.7).

EBITDA for 2020 ended at NOK -251.5 million compared to NOK -178.1 million for 2019. The related EBITDA margin was -38.6% for 2020 and -31.3% for 2019. 2020 was negatively impacted by

the received notices of fines (no: forelegg) related to the June 2019 incident at the hydrogen fueling station at Kjørbo, Norway. 2020 had higher cost levels as well as somewhat lower margins in addition to the general COVID-19 situation resulting in lower sales and productivity. 2019 included a provision for the Kjørbo incident of NOK 35 million.

## Nel in brief

Nel is a global, dedicated hydrogen company, delivering optimal solutions to produce, store and distribute hydrogen from renewable energy. The company serves industries, energy and industrial gas companies with leading green hydrogen production technology.

Since our origins in 1927 as part of Norsk Hydro, we have a proud history of development and continuous improvement of hydrogen technologies.

Our hydrogen solutions cover important parts of the 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 emissions.

### *Nel Hydrogen Electrolyser*

*Production and installation of electrolysers for hydrogen production.*

Nel Hydrogen Electrolyser is the world's largest electrolyser manufacturer, offering both alkaline and PEM (proton exchange membrane) technology globally. The company's roots date to 1927, when Norsk Hydro developed large-scale electrolyser plants, providing renewable hydrogen for use in ammonia production with fertiliser as the end-product. Since then, Nel's electrolyser technology has improved continuously, delivered across the world, and has set the industry standard for performance and total cost of ownership.

Historically, hydrogen has primarily been used as an input factor for a broad spectrum of industrial applications and products, such as ammonia, refineries, methanol, edible oil, chemicals, metallurgy, glass, electronics, generator cooling,

polysilicon used in photovoltaic solar panels, and other industrial applications.

Of the total global hydrogen market, only around 1% of the hydrogen is generated via water electrolysis. However, electrolysis is expected to grow in market share, mainly driven by the decreasing cost of renewable energy, increased share of intermittent (wind and solar) energy, decreasing cost of electrolysers, and an increasing focus on climate and air quality.

The overall hydrogen market is also expected to grow significantly in the coming years, with hydrogen being used as a zero-emission fuel for mobility and as a way of decarbonising various industrial sectors like the replacement of coal in the metal industry, and other hard-to-decarbonise sectors. The process of converting renewable electricity to hydrogen and utilising hydrogen both in existing and new markets, is referred to as "power-to-X", where X refers to the various applications for hydrogen.

A step-change in the size of power-to-X projects is beginning worldwide, as projects are moving to megawatt-scale. This trend is welcomed by Nel, as it makes the group's portfolio of large-scale electrolyser solutions increasingly relevant.

Nel began commercial sales of electrolysers in the 1970s and has since delivered over 3500 electrolyser units in more than 80 countries. The electrolyser business area has manufacturing facilities in Notodden, Norway, and in Wallingford, Connecticut, USA. The company has a global reach through its in-house sales operation and network of agents across the globe.

Today, Nel has a complete product portfolio of both alkaline and PEM electrolysers and is also continuously developing and improving both technologies. Initiatives include a next generation large scale, pressurised alkaline electrolyser as well as larger PEM stacks, and large-scale solutions

which allow for significant cost reductions on a system level.

With increasing demand for large scale electrolyzers, Nel has also decided to significantly increase its manufacturing capacity of atmospheric alkaline electrolyzers. In 2019 Nel secured a location for the new manufacturing plant at Herøya, Norway, and targets to have an initial capacity of 500 MW/year, more than 12 times current capacity. The capacity at the new plant can be further expanded to beyond 2 GW/year. The Herøya plant will be highly automated and significant production cost reductions are expected. These cost reductions will be important in making renewable hydrogen cost competitive with fossil hydrogen and fossil fuels.

Reduced cost and new large scale solutions should enable Nel to penetrate new markets, as well as increase its competitiveness in existing ones. And gradually, Nel aims to replace the various fossil solutions for hydrogen production on which the world currently relies.

### *Nel Hydrogen Fueling*

*Production of hydrogen fueling stations for cars, buses, trucks, forklifts and other applications.*

Nel Hydrogen Fueling is a leading manufacturer of hydrogen fueling stations that provide FCEVs (Fuel Cell Electric Vehicles) with the same fast fueling and long range as conventional fossil fuel vehicles. Since Nel began manufacturing hydrogen fueling stations in 2003, we have invested significantly in R&D. Today, Nel is one of the global leaders on hydrogen fueling stations for mobility applications. The H2Station™ technology is now being utilized on a daily basis in several European countries as well as in South Korea and California, US, providing forklifts, passenger vehicles, buses and trucks hydrogen, driving the transition to zero emission mobility.

Nel was among the first to achieve compliance with the international hydrogen fueling standard (SAE J2601) required by major car manufacturers. With the H2Station™ technology, Nel's ambition is to maintain the position as a preferred supplier for international hydrogen fueling infrastructure operators.

Nel's H2Station™ manufacturing plant is located in Herning, Denmark. It has a capacity of 300 H2Station™ modules per year, leaving room for significant growth. Combining technology innovations with increased manufacturing capacity should enable Nel to further reduce the cost of our leading hydrogen fueling station solutions.

Our target is to enable hydrogen to outcompete fossil fuels for an increasing number of applications, and eventually to become a preferred fuel alternative. Increased activities in the heavy-duty segment (buses, trucks etc.) has encouraged Nel to step up technology developments, and to launch new products, better suited for heavy-duty applications. Significant technology developments will continue going forward to support these new applications.

All in all, our combined electrolyser and fueling activities are supporting our vision:

*"empowering generations with clean energy forever"*

## Developments

### *Nel Hydrogen Electrolyser*

Nel Hydrogen Electrolyser reported revenue and operating income of NOK 125.6 million in the fourth quarter of 2020, an increase of 16% from NOK 108.4 million in the same quarter 2019. Norway has a decrease of 44% from lower sales of alkaline electrolysers, while the US has an increase of 38% from sales of PEM electrolysers. Nel Hydrogen Electrolyser has been particularly negatively impacted by the general business slow down and delay in closing orders resulting from Covid-19.

EBITDA was NOK -20.6 million in the fourth quarter of 2020, in line with NOK -20.8 million in the same quarter in 2019. The negative EBITDA was mainly due to higher costs levels and lower margins in Norway and US as well as a general negative impact on operations due to Covid-19.

Employees in Nel Hydrogen Electrolyser has increased from 144 employees by the end of fourth quarter 2019 to 179 at the end of fourth quarter 2020, driven by increase in project and production personnel.

Nel is continuing to deliver on its partner strategy by qualifying partners for delivery of engineering, procurement and construction or other complementary services. Following the merger of Kværner and Aker Solutions, the strategic collaboration agreement with Kværner has ended. Nel is in the process of phasing in other partners on the projects supported by Kværner.

#### **Nel received a PO for a 1.25 MW containerized PEM electrolyser from NREL**

Nel received a PO with a value of about USD 2 million for a 1.25 megawatt (MW) containerised Proton PEM® electrolyser from the National Renewable Energy Laboratory (NREL). The electrolyser will be used use in the U.S.

Department of Energy-supported AIREs research initiative at the NREL campus in Boulder, CO.

#### **Nel received POs for U.S. Navy PEM electrolyser cell stacks**

Nel received POs for PEM electrolyser cell stacks for production of life support oxygen for U.S. Navy crews on multiple classes of nuclear-powered submarines and are being delivered under an exclusive contract. The combined contract value for equipment for life support oxygen in 2020 is USD 10 million.

#### **Nel received a PO for a 1.5 MW PEM electrolyser**

Nel received a PO for 1.5 MW PEM electrolyser from a large industrial client in the US with a value of approximately USD 2.7 million and will be installed in 2021.

#### **Nel received a PO for a 20 MW electrolyser from Everfuel**

Nel received a PO from Everfuel A/S for a 20 MW electrolyser for green hydrogen production facility adjacent to the Fredericia refinery in Denmark. The Fredericia facility will have a production capacity of up to 8 tons per day of green hydrogen, made from renewable wind power, with 10 tons of storage capacity. The electrolyser will be delivered in 2021 and fully operational in mid-2022

### **Nikola**

In June 2020, Nel Hydrogen Inc., a wholly owned subsidiary of Nel ASA, received a PO from Nikola Corporation (Nikola) for 85 megawatt alkaline electrolysers related to the deployment of the world's first 8 ton/day hydrogen fueling station. The PO has a value in excess of USD 30 million and is included in the company's order backlog. The joint development program of the fueling station continues, but the process and implementation has been delayed by strategy

reviews and other Covid-19 related factors incl. severe travel restrictions.

### Herøya

Nel is expanding electrolyser production to accommodate large-scale projects by constructing a fully-automated manufacturing facility at Herøya, Norway. This factory will represent the first industrial-scale production of the most efficient electrolysers on the market, at a game-changing low cost.

The amount of expenditures recognised in the carrying amount for Herøya expansion in the course of construction is 114.0 (13.8) million as of 31 December 2020. Total contractual commitments beyond 2020 for the acquisition of physical components related to the Herøya expansion in the Electrolyser division are NOK 171.6 million.

The manufacturing facility is scheduled to have its test phase during Q3 2021 and ramp up phase in Q4 2021.

### Subsequent events:

On January 14, Nel was awarded a EUR 13.5 million contract by Iberdrola for a 20 MW PEM solution for green fertilizer project in Spain. The hydrogen plant is scheduled to commence operations in 2021.

On January 19, Nel officially launched the MC250 and MC500, representing automated MW-class on-site hydrogen generators utilizing a modular containerized design for ease of installation and integration. The containerized MC250 and MC500 will be delivered as standard 1.25 and 2.5 MW (246 and 492 Nm<sup>3</sup>/h) configurations, respectively.

### Nel Hydrogen Fueling

Nel Hydrogen Fueling reported revenue and operating income of NOK 103.5 million in the fourth quarter 2020, a growth of 53% from NOK 67.5 million in the same quarter 2019.

EBITDA of NOK -51.6 million in the fourth quarter of 2020 has decreased from NOK -11.0 million in the same quarter in 2019. The reduction was mainly due to the received notice of fine (no: forelegg) related to the June 2019 incident at the hydrogen fueling station at Kjørbo, Norway. In addition, higher costs levels and lower margins as well as a general negative impact on operations due to Covid-19.

Nel Hydrogen Fueling has seen a large increase in the utilisation of many of the stations already installed, this enables accelerated learnings and improvements both within product maturity and overall reliability. Fueling a hydrogen car needs to be as easy and reliable as fueling a gasoline or diesel vehicle. A hydrogen fueling station is a complex and relatively new technology and the hydrogen industry, incl. Nel, still has some way to go in maturing the technology as well as investing in service and maintenance, robustness and reliability. Nel will continue to incur costs related to these activities.

Employees in Nel Hydrogen Fueling has increased from 156 employees by the end of fourth quarter 2019 to 200 at the end of fourth quarter 2020, driven by increase in service technicians and development personnel.

**Nel received a PO for an H2Station™ from Everfuel A/S with a value of around EUR 1.6 million.**

Nel received a PO from Everfuel Europe A/S (Everfuel) for an H2Station™ hydrogen fueling station which will be used to fuel zero emission hydrogen buses in the Netherlands. The value of

the PO is around EUR 1.6 million, and the station is scheduled to be operational by the end of 2021.

### *Corporate developments*

#### **Everfuel completed listing on Euronext growth**

Everfuel successfully completed a private placement issuing 13 200 000 new shares at a price of NOK 22 per share. Everfuel was subsequently listed on Euronext Growth on October 29. The Everfuel shares are subject to a lock-up expiring on October 29, 2021. Please refer to note 6 for details.

#### **Subsequent events:**

On January 21, Nel hosted the company's first ever Capital Markets Day. On this day Nel launched 1.5 USD/kg target for green renewable hydrogen to outcompete fossil alternatives, already within 2025.

## Finance

<i>(unaudited amounts in NOK thousands)</i>	Q4 2020	Q4 2019	Full year 2020	Full year 2019
<b>Finance income</b>				
Interest income	4 081	3 524	14 356	9 515
Change in fair value equity instruments	1 461 044	1 771	1 632 006	1 771
Other	6 412	1 211	29 205	1 357
<b>Interest income and other finance income (loss)</b>	<b>1 471 537</b>	<b>6 506</b>	<b>1 675 567</b>	<b>12 643</b>
<b>Finance costs</b>				
Interest expense	-2 411	-2 764	-9 605	-5 922
Net foreign exchange gain (loss)	-48 210	-11 052	-11 967	-1 351
Capitalised interest	1 381	1 207	5 181	1 207
Other	-198	-94	-399	-435
<b>Interest expense and net foreign exchange gain (loss)</b>	<b>-49 438</b>	<b>-12 703</b>	<b>-16 789</b>	<b>-6 500</b>
<b>Net finance income (cost)</b>	<b>1 422 098</b>	<b>-6 197</b>	<b>1 658 777</b>	<b>6 142</b>

Nel reported finance income of NOK 1 471.5 million in the fourth quarter 2020. The increase in finance income compared with fourth quarter 2019 is mainly due to a change in fair value of Nel's shareholding in Everfuel of NOK 1 531.8 million (a value of NOK 125.00 per share as of December 31, 2020). The positive change in fair value of Everfuel was partially offset by negative fair value changes in shareholdings in Nikola Corporation of NOK 70.8 million. The sum of fair value adjustment for both shareholdings was NOK 1.8 million in the fourth quarter 2019.

Finance costs in the fourth quarter 2020 was NOK -49.4 million compared to -12.7 million in fourth quarter 2019. Fourth quarter 2020 includes NOK -43.9 (13.6) million in unrealised currency exchange gain (loss) resulting from revaluing internal loans.

### *Full year 2020*

Nel reported net finance income in of 2020 of NOK 1 658.8 million (2019: 6.1 million). The variance from net finance income in the prior year is mainly explained by the unrealised gain on the shareholdings in Everfuel and Nikola Corporation.

## Risks and uncertainty factors

Nel is exposed to risk and uncertainty factors, which may affect some or all the group's activities. Nel is exposed to financial, market and operational risk. In addition, there is risk related to technology, implementation and execution of current and future products, and the Covid-19 situation. There are no significant changes in the risks and uncertainty factors described in our Annual Report for 2019.

## Outlook

### Covid-19

The global outbreak of Covid-19 is expected to continue to cause disruptions in Nel's operations and financial performance as "stay home – stay safe" policies and the general business slowdown impacts production, order intake, customer dialogue, installations and commissioning and associated revenue recognition.

Nel remains committed to its strategy and has since 2019 taken on additional employees and costs to prepare for future growth. The revenue shortfall and business disruptions caused by Covid-19 have impacted and will continue to impact financial results negatively in 2021:

- Installation and commissioning delays caused by travel restrictions
- Delays in certain new order booking due to the macroeconomic slow-down
- Nel holds the workforce largely intact to maintain the momentum when the situation normalizes and will continuously assess the situation

### Core business outlook

Nel reiterates the confidence in the long-term potential for the industry, supported by the "green recovery" outlined by various governmental initiatives.

Nel aims to capitalise on the emerging opportunities within hydrogen by leveraging on the position as a technology front-runner, continued high focus on safety, global presence, scalability, cost leadership, strong financing, and preferred-partner status for industry participants:

- To maintain and strengthen its leading position in a growing market, Nel will accelerate investments in organisation and technology.
- Continuing development investments in alkaline and PEM technologies, as well as technologies to support fast and reliable hydrogen fueling for heavy duty applications.
- Key markets show strong momentum with ever-larger projects. Nel needs to be a financially strong counterpart to meet its delivery and performance commitments as a much larger entity.
- Building scalable capacity to accommodate multi-billion NOK revenue capacity and investing to maintain leading position.
  - >100 new employees in 2021.
  - Deploying ~25% of capital raised in 2020 in plant, equipment and technology development projects in 2021.
  - Will add more production capacity as required by market.
- Ramp up resulting in significantly negative EBITDA in 2021.

Oslo, 18 February 2021

The Board of Directors

Ole Enger

Chair

(Sign)

Beatriz Malo de Molina

Board member

(Sign)

Charlotta Falvin

Board member

(Sign)

Finn Jebsen

Board member

(Sign)

Hanne Blume

Board member

(Sign)

Tom Røtjær

Board member

(Sign)

Jon André Løkke

CEO

(Sign)

## Condensed interim financial statements

### Consolidated statement of comprehensive income (unaudited)

<i>(amounts in NOK thousands)</i>	Note	Q4 2020	Q4 2019	Full year 2020	Full year 2019
<b>Revenue and operating Income</b>					
Revenue from contracts with customers		205 459	163 188	578 333	519 050
Other operating income		23 622	12 664	73 548	50 657
<b>Total revenue and operating income</b>	3	<b>229 081</b>	<b>175 852</b>	<b>651 881</b>	<b>569 707</b>
<b>Operating expenses</b>					
Raw materials		149 628	112 912	393 982	342 374
Personnel expenses		94 790	68 982	329 402	243 194
Depreciation, amortisation and impairment	4, 5	43 059	20 687	162 952	75 500
Other operating expenses		80 904	35 704	180 042	162 234
<b>Total operating expenses</b>		<b>368 382</b>	<b>238 285</b>	<b>1 066 378</b>	<b>823 302</b>
<b>Operating loss</b>		<b>-139 301</b>	<b>-62 433</b>	<b>-414 497</b>	<b>-253 595</b>
Finance income		1 471 537	6 506	1 675 567	12 643
Finance cost		-49 438	-12 703	-16 789	-6 501
Share of loss from associates and joint ventures		2 278	-26 479	1 242	-29 786
<b>Net financial items</b>		<b>1 424 376</b>	<b>-32 676</b>	<b>1 660 020</b>	<b>-23 644</b>
<b>Pre-tax income (loss)</b>		<b>1 285 076</b>	<b>-95 109</b>	<b>1 245 523</b>	<b>-277 238</b>
Tax expense (income)		-10 290	-1 939	-16 357	-7 529
<b>Net income (loss)</b>		<b>1 295 366</b>	<b>-93 170</b>	<b>1 261 880</b>	<b>-269 710</b>
<b>Items that are or may subsequently be reclassified to income statement:</b>					
Currency translation differences		-65 398	-15 546	18 151	2 240
Cash flow hedges, effective portion of changes in fair value		13 420	1 583	14 050	-2 388
Cash flow hedges, reclassified		-4 814	758	-1 820	1 602
<b>Other comprehensive income</b>		<b>-56 792</b>	<b>-13 206</b>	<b>30 380</b>	<b>1 453</b>
<b>Total comprehensive income</b>		<b>1 238 573</b>	<b>-106 376</b>	<b>1 292 261</b>	<b>-268 256</b>
Basic EPS ( <i>figures in NOK</i> ) 1)		0.92	-0.08	0.92	-0.22
Diluted EPS ( <i>figures in NOK</i> ) 1)		0.91	-0.08	0.91	-0.22
Weighted average number of outstanding shares (million)		1 408	1 235	1 367	1 211

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)

<i>(amounts in NOK thousands)</i>	Note	31.12.2020	31.12.2019
<b>ASSETS</b>			
Intangible assets	4	1 091 767	1 118 075
Property, plant and equipment	5	378 052	256 170
Other non-current assets		73 124	66 089
<b>Total non-current assets</b>		<b>1 542 943</b>	<b>1 440 334</b>
Inventories		237 129	205 234
Trade receivables		101 449	183 333
Contract assets		127 976	37 103
Other current assets		1 794 345	38 688
Cash and cash equivalents		2 332 854	525 982
<b>Total current assets</b>		<b>4 593 753</b>	<b>990 340</b>
<b>TOTAL ASSETS</b>		<b>6 136 696</b>	<b>2 430 673</b>
<b>EQUITY AND LIABILITIES</b>			
Shareholders' equity		5 468 316	1 846 618
<b>Total equity</b>		<b>5 468 316</b>	<b>1 846 618</b>
Deferred tax liability		55 144	63 343
Long-term debt		30 284	30 577
Lease liabilities		77 125	79 121
Other non-current liabilities		74 741	70 605
<b>Total non-current liabilities</b>		<b>237 294</b>	<b>243 646</b>
Trade payables		81 570	92 197
Lease liabilities		14 291	12 066
Contract liabilities		193 082	151 729
Other current liabilities		142 142	84 417
<b>Total current liabilities</b>		<b>431 085</b>	<b>340 409</b>
<b>Total liabilities</b>		<b>668 379</b>	<b>584 055</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>6 136 696</b>	<b>2 430 673</b>

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

## Consolidated statement of cash flows (unaudited)

<i>(amounts in NOK thousands)</i>	Q4 2020	Q4 2019	Full year 2020	Full year 2019
<b>Cash flow from operating activities</b>				
Pre-tax income (loss) <sup>1)</sup>	1 285 076	-95 109	1 245 523	-277 238
Depreciation, amortisation and impairment	43 059	20 687	162 952	75 500
Change in net working capital	-43 372	-20 999	-35 422	-71 637
Other adjustments <sup>2)</sup>	-1 378 680	33 807	-1 588 938	73 661
<b>Net cash flow from operating activities</b>	<b>-93 918</b>	<b>-61 614</b>	<b>-215 886</b>	<b>-199 714</b>
<b>Cash flow from investment activities</b>				
Purchases of property, plant and equipment	-72 630	-24 606	-148 539	-49 913
Payments for capitalised technology	-23 750	-32 154	-83 659	-68 949
Purchases of other investments <sup>3)</sup>	-1 242	0	-57 880	0
Investments in other financial assets	0	0	-12 998	-7 849
Loan given to associates and joint ventures	0	-975	0	-5 975
Investments in associates and joint ventures	0	-3 085	-567	-3 085
Sale of subsidiaries, net of cash sold	-19 829	1 653	-19 829	1 653
Acquisition of subsidiaries, net of cash acquired	0	0	26 022	0
Proceeds from sales of other investments <sup>3)</sup>	3 019	0	3 019	-
<b>Net cash flow from investing activities</b>	<b>-114 432</b>	<b>-59 168</b>	<b>-294 430</b>	<b>-134 118</b>
<b>Cash flow from financing activities</b>				
Interest paid <sup>4)</sup>	-1 022	-1 662	-4 411	-4 715
Gross cash flow from share issues	4 846	1 042	2 383 259	545 984
Transaction costs connected to share issues	-31	-102	-68 297	-20 426
Proceeds from new loan	0	0	16 395	0
Payment of lease liabilities	-3 024	-2 439	-10 915	-8 163
Payment of non-current liabilities	-582	-1 088	-2 320	-2 700
<b>Net cash flow from financing activities</b>	<b>187</b>	<b>-4 248</b>	<b>2 313 710</b>	<b>509 981</b>
<b>Foreign currency effects on cash</b>	<b>-2 600</b>	<b>51</b>	<b>3 478</b>	<b>86</b>
<b>Net change in cash and cash equivalents</b>	<b>-210 762</b>	<b>-124 978</b>	<b>1 806 872</b>	<b>176 235</b>
Cash and cash equivalents beginning of period	2 543 616	650 960	525 982	349 747
<b>Cash and cash equivalents</b>	<b>2 332 854</b>	<b>525 982</b>	<b>2 332 854</b>	<b>525 982</b>

1) Q4 and Full year includes interests received of NOK 4.1 (3.5) million and NOK 14.4 (9.5) million, respectively.

2) Q4 2020 includes a negative fair value adjustment of the shareholding in Nikola Corporation of NOK 70.8 million (USD 15.26 per share as of December 31, 2020). The fair value adjustment was NOK 1.8 million in Q4 2019. In addition, Q4 2020 includes a positive fair value adjustment of the shareholding in Everfuel of NOK 1 531.8 million (a value of NOK 125.00 per share as of December 31, 2020). The fair value adjustment was NOK 0.0 in the fourth quarter 2019.

3) Purchases of other investments comprises bank deposits and advance payment guarantees with a maturity longer than three months at the date of purchase.

4) Interest paid includes interest expense on lease liabilities.

## Consolidated statement of changes in equity (unaudited)

<i>(amounts in NOK thousands)</i>	Share capital	Share premium	Treasury shares	Other components of equity	Retained earnings	Total equity
Equity as of 01.01.2019	222 710	1 585 570	-12	50 196	-279 486	1 578 978
Net loss				0	-269 710	-269 710
Currency translation differences				2 240		2 240
Hedging reserve				-786		-786
Capital increase	21 710	503 848				525 558
Options and share program			-2		6 312	6 310
Other changes					4 028	4 028
Equity as of 31.12.2019	244 421	2 089 418	-14	51 649	-538 855	1 846 618
Net income					1 261 880	1 261 880
Currency translation differences				18 151		18 151
Hedging reserve				12 230		12 230
Capital increase	37 139	2 277 822				2 314 961
Options and share program		65	-65		7 681	7 681
Other changes					6 795	6 795
Equity as of 31.12.2020	281 559	4 367 306	-79	82 029	737 501	5 468 316

## 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-fueled 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 20, N-0278 Oslo, Norway. The condensed interim consolidated financial statements were authorised for issue by the Board of Directors on 18 February 2021.

#### 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 2019 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 2019.

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:

- Impairment of goodwill
- Development expenses
- Leases, incremental borrowing rates and lease terms
- Deferred tax asset
- Revenue recognition

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 2019 for more details related to key judgements and estimation.

As a result of the outbreak of Covid-19 during the first half of 2020, all significant estimates and underlying assumptions have been reviewed in the light of this new situation. Nel has focused on the estimates related to expected credit loss on trade receivables and contract assets, reviewing credit risk and risk of default including the loss given default. Nel has not identified any significant Covid-19 related impact to these condensed consolidated financial statements as of 31 December 2020.

## 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 2019 note 3 Operating segments 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. For more information on the segment's operation, see section 'Nel in brief' on pages 6-7.

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.

<i>(amounts in NOK thousands)</i>	Q4 2020	Q4 2019	Change	Full year 2020	Full year 2019	Change
<b>Revenue and operating income</b>						
Nel Hydrogen Electrolyser	125 615	108 382	16%	337 537	327 351	3%
Nel Hydrogen Fueling	103 466	67 470	53%	314 344	242 356	30%
<b>Total</b>	<b>229 081</b>	<b>175 852</b>	<b>30%</b>	<b>651 881</b>	<b>569 707</b>	<b>14%</b>
<b>EBITDA</b>						
Nel Hydrogen Electrolyser	-20 567	-20 781		-84 164	-47 672	
Nel Hydrogen Fueling	-51 599	-10 973		-106 936	-83 799	
Other and eliminations <sup>1)</sup>	-24 076	-9 992		-60 445	-46 624	
<b>Total</b>	<b>-96 241</b>	<b>-41 746</b>		<b>-251 545</b>	<b>-178 095</b>	
<b>Investments <sup>2)</sup></b>						
Nel Hydrogen Electrolyser	84 382	36 192	133%	183 400	77 812	136%
Nel Hydrogen Fueling	11 999	24 629	-51%	61 796	54 874	13%
<b>Total</b>	<b>96 381</b>	<b>60 821</b>	<b>58%</b>	<b>245 196</b>	<b>132 686</b>	<b>85%</b>
<b>Total assets <sup>3)</sup></b>						
Nel Hydrogen Electrolyser	1 256 306	1 108 123	13%			
Nel Hydrogen Fueling	883 814	773 661	14%			
Other and eliminations <sup>1)</sup>	3 996 576	548 890	628%			
<b>Total</b>	<b>6 136 696</b>	<b>2 430 674</b>	<b>152%</b>			

1) Other and eliminations 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.

<b>Property, Plant and Equipment by geographical area</b>			
<i>(amounts in NOK thousands)</i>	31.12.2020	31.12.2019	Change
Norway	210 548	113 167	86%
Denmark	114 489	93 589	22%
USA	48 622	47 332	3%
South Korea	4 392	2 082	111%
<b>Total</b>	<b>378 052</b>	<b>256 170</b>	<b>48%</b>

## Note 4 Intangible assets

<i>(amounts in NOK thousands)</i>	Goodwill	Technology	Customer relationship	Total
Carrying value of 01.01.2020	609 154	451 736	57 185	1 118 075
Additions	0	83 659	0	83 659
Amortisation	0	-48 310	-12 367	-60 677
Impairment	0	-58 858	0	-58 858
Currency translation differences	10 576	-885	-123	9 568
Carrying value as of 31.12.2020	619 731	427 341	44 695	1 091 767

An impairment expense of NOK 20.5 million for Technology has been recognised in the quarter which comprise impairment of the technology with reduced development activity and increased uncertainty of completing. Year to date (accumulated) impairment expense as of 31 December 2020 is NOK 58.9 million.

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 (CGU's). 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

<i>(amounts in NOK thousands)</i>	Land, buildings and equipment	Right-of-use assets	Total
Carrying value of 01.01.2020	171 829	84 341	256 170
Additions	153 720	4 155	157 876
Remeasurements	0	2 063	2 063
Depreciation	-16 091	-14 518	-30 609
Impairment	-12 807	0	-12 807
Currency translation differences	5 455	-96	5 359
Carrying value as of 31.12.2020	302 106	75 946	378 052

The amount of expenditures recognised for Herøya expansion in the course of construction is NOK 114.0 million as of 31 December 2020. Total contractual commitments beyond 2020 for the acquisition of physical components related to the Herøya expansion in the Electrolyser division are NOK 171.6 million.

## Note 6 Equity instruments

### Nikola Corporation

<i>(amounts in thousands)</i>	Shareholding*	Fair value USD/per share	USD value**	USD/NOK	Book value
Carrying value as of 01.01.2019**	582 073	8.59	5 000	8.43	42 131
Fair value adjustment 2019	0	0.00		0.35	1 771
Carrying value of 01.01.2020	582 073	8.59	5 000	8.78	43 902
Fair value adjustment Q1 2020	0	0.00		1.73	8 627
Fair value adjustment Q2 2020	524 447	58.94		-0.76	675 620
Fair value adjustment Q3 2020	0	-47.05		-0.26	-513 286
Fair value adjustment Q4 2020	0	-5.22		-0.95	-70 786
Carrying value as of 31.12.2020	1 106 520	15.26	16 885	8.53	144 077

- 1) Nel received 1.901 shares in Nikola Corporation per share in Nikola Motor Company Inc. as share consideration following the listing of Nikola on Nasdaq on June 4, 2020
- 2) Acquisition cost of USD 5.0 million.

### Everfuel

<i>(amounts in thousands)</i>	Shareholding	Acquisition cost NOK/per share	Fair value NOK/per share	Book value
Carrying value as of 30.09.2020	11 940 000	0.14	0.14	1 728
Private placement 21.10.2020	398 624	22.00		8 770
Fair value adjustment Q4 2020			124.86	1 531 830
Carrying value as of 31.12.2020	12 338 624	0.85	125.00	1 542 328

- 1) As of 30. September 2020, Nel held 19.90% ownership in Everfuel (11 940 000 shares of 60 000 000). The investment was recognised as an equity-accounted investee with a book value of NOK 1.7 million within 'other non-current assets' in the Q3 2020 report.
- 2) During Q4 2020, Everfuel successfully placed a private placement, issuing 13 200 000 new shares at a price of NOK 22 per share. Total shares after the transaction is 73 200 000 and Nel had a shareholding of 12 338 624 shares, or 16.86% at that time. Subsequent to the listing of Everfuel shares, the equity instrument is presented as 'current assets' in the statement of financial position and changes in fair value within 'finance income'. The Everfuel shares are subject to a lock-up expiring on October 29, 2021.

## 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 operating income.

**Equity ratio:** is defined as total equity divided by total assets.

**Order backlog:** is defined as firm purchase orders with agreed price, volume, timing, terms and conditions and where revenue is yet to be recognised.

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