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Nel ASA: Fourth quarter and full year 2023 financial results

(February 28, 2024 - Oslo, Norway) Nel ASA (Nel, OSE:NEL) reported revenues of NOK 1 773 million in 2023, up 78% from 2022. Fourth quarter 2023 revenues of NOK 534 million represented a 29% increase from NOK 414 million in fourth quarter 2022. EBITDA in the quarter came in at NOK -106 million, showing a steady improvement from previous quarters and proving that the business model scales. At the end of the fourth quarter, Nel's order backlog was NOK 2 458 million, down 6% year-on-year. The cash balance was NOK 3 363 million at quarter end.

Quarterly highlights

- Nel ASA (Nel) reported revenue and income in the fourth quarter 2023 of NOK 534 million, up 29% from the fourth quarter 2022 (Q4 2022: 414). Full year 2023 revenue and income of NOK 1 773 million, up 78% compared to 2022. All segments experienced strong revenue growth full year compared to 2022.
- EBITDA in the quarter was NOK -106 million (Q4 2022: -216). The EBITDA is improving with increasing revenues on large-scale electrolyser contracts and improving cost control in Fueling.
- Net loss of NOK -94 million (Q4 2022: -731). The same quarter last year had a net unrealised fair value adjustment of NOK -108 million from mainly Everfuel and impairments in Fueling of 327 million. The main improvements from same quarter last year include the improved EBITDA and increased interest income.
- Order intake in the quarter amounted to NOK 183 million (71% from electrolyser), down 81% from the same quarter last year (Q4 2022: 982).
- At quarter end, Nel had an order backlog of NOK 2 458 million (85% related to electrolyser), down 6% from the fourth quarter of 2023, and down 14% from previous quarter.
- Cash balance of NOK 3 363 million at quarter end (Q4 2022: 3 139).
- Subsequent to the quarter,
 - On January 19, 2024, Nel received a purchase order from Samsung C&T for a value of approximately EUR 5 million
 - On February 2, 2024, Nel realigned its relationship with Nikola and will support Fortescue on its 80 MW Phoenix hydrogen hub, for a total consideration of about USD 20 million

"Nel generated close to 1.8 billion NOK in revenues in 2023, up almost 80 percent from 2022. Moreover, EBITDA improved by more than 300 million NOK year-on-year, and the net loss was significantly reduced. Although I am pleased with this development, the real significance of the 2023 financial figures is that Nel's business model scales well. We know that if we can continue to grow revenues, we will be able to deliver positive earnings," says Nel's President and CEO, Håkon Voldal.

Nel's Electrolyser segment reported a 40% increase in revenue and income in the fourth quarter of 2023 compared to the fourth quarter of 2022, where revenues from sales of alkaline electrolysers increased by 19% and sales of PEM electrolysers by 63%. Full year revenues for the electrolyser division increased by 91% in 2023 compared to 2022.

The Electrolyser segment ended the fourth quarter of 2023 with an order backlog of NOK 2 093 million, down NOK 348 million from the previous quarter. Low order intake in the quarter and the cancellation of a 40 MW contract (for a termination fee) were the main reasons for this. Electrolyser projects are becoming larger in size, and reported order intake will, therefore, vary significantly between quarters depending on the date of signing of such larger contracts.

Nel's pipeline of prospective contracts continues to mature and improve. Among the company's top 20 leads, the average project size is about 450 MW with a median of about 200 MW. In recent quarters Nel has secured several paid front-end engineering and design (FEED) studies for GW projects.

"In 2022, our largest delivery project was a 20 MW plant. Today, we are looking at initiatives involving hundreds of megawatts of electrolyser capacity. When projects increase in size, complexity and risk, the need for competence and experience rises accordingly. This plays to Nel's advantage given our unrivaled track record; almost a century of experience in combination with proven, competitive and bankable technology today," says Volldal.

Nel's Fueling segment reported quarterly revenue growth of -6% versus fourth quarter 2022, while full year revenues increased by 41% in 2023 compared to 2022. The fueling division reported a substantial EBITDA margin improvement in the fourth quarter of 2023 from both previous quarters and the corresponding quarter in 2022, showing that the measures taken in 2022 and 2023 have had a positive impact. Order intake in the fourth quarter was marginal as Nel is shifting focus towards high-capacity systems for fueling heavy-duty vehicles.

The fourth quarter 2023 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 electrolyser technology for production of renewable hydrogen, and hydrogen fueling equipment for road-going vehicles. Nel's product offerings are key enablers for a green hydrogen economy, making it possible to decarbonize various industries such as transportation, refining, steel, and ammonia.

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