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Nel ASA: Fourth quarter 2020 financial results

(Oslo, 18 February 2021) Nel ASA (Nel) reported revenues of NOK 229.1 million in the fourth quarter of 2020, up from NOK 175.9 million in the same quarter of 2019 and an EBITDA of negative NOK 96.2 million (Q4 2019: -41.7) incl. one-offs, ramp-up cost and a NOK 20 million provision for a potential fine. The order backlog ended at approximately NOK 980 million, up 90%, and the company holds over NOK 2.3 billion in cash. Nel has outlined a target of producing green hydrogen at USD 1.5 per kilo* by 2025, outcompeting fossil alternatives, and reiterates the strong long-term outlook.

"The fourth quarter was another busy period for Nel with several important project awards and the preparation of the technology roadmap supporting our new target of producing green hydrogen at USD 1.5 per kilo by 2025. Achieving this will allow green hydrogen to start to reach fossil parity, representing one of the most significant achievements for zero-emission solutions and a carbon neutral planet. The expansion of the production to multi-GW scale will be instrumental in the strategy, in addition to grow the organization to add capacities and capabilities, and investing in technology to ensuring that Nel continues to be the global leader in the hydrogen industry," says Jon André Løkke, Chief Executive Officer of Nel.

Nel reported revenues in the fourth quarter of 2020 of NOK 229.1 million (175.9) with an EBITDA of NOK -96.2 million, incl. one-offs, ramp-up cost and a NOK 20 million provision for a potential fine. Nel is no longer reporting adjusted EBITDA separately. The reported operating loss was NOK -139.3 million (-62.4), while the pre-tax income ended at NOK 1 285.1 million (-95.1) following a positive fair value adjustment of Nel's shareholding in Everfuel A/S. The backlog grew over 90% to approximately NOK 980 million from the fourth quarter of 2019, and the company holds over NOK 2.3 billion in cash.

A key element of the Nel strategy is to expand the electrolysis production to accommodate large-scale projects by constructing a fully automated manufacturing facility at Herøya, Norway. Test production of the first 500 MW production line will commence in the second quarter of 2021 with start of commercial ramp-up in the third quarter 2021. Nel recently also announced that the facility could later be expanded to a capacity of more than 2 GW.

"Herøya represents the first industrial-scale production of the most efficient electrolyzers on the market, at a game-changing low cost. The Nel team is continuously working to drive down the cost of hydrogen, where scale-up is key, and will continue to assess the exact timing for the next expansion step," says Jon André Løkke, and concludes:

"Large opportunities also represent major challenges for Nel going forward, as maintaining a leadership position requires large investments, rapid expansion of the organization, and execution of large-scale projects across the globe in an increasingly competitive environment. In 2021 alone, we will add more than 100 new colleagues, deploy over 25% of the capital raised in 2020 in plant, equipment, and technology development projects, and add more capacity as required by the market. We are addressing all these challenges, as an emission-free future depends on green hydrogen, and reiterate our strong long-term outlook".

EBITDA and other alternative performance measures (APMs) are defined and reconciled to the IFRS financial statements as a part of the APM section of the fourth quarter 2020 report on page 24.

The fourth quarter 2020 report and presentation are enclosed and available through www.newsweb.no (Ticker: NEL) and www.nelhydrogen.com. Nel will host a live pre broadcasted live at www.nelhydrogen.com

and the event can also be streamed at https://channel.royalcast.com/landingpage/hegnarmedia/20210218_1/

The presenters will be Jon André Løkke and Chief Financial Officer Kjell Christian Bjørnsen, and the presentation will be held in English.

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About Nel ASA | www.nelhydrogen.com

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 vehicle, without emissions.

*Assumptions: Nel analysis based on electricity of 20 \$/MWh, >8% cost of capital, cost of land, civil works, installation, commissioning, building water etc., lifetime 20 years incl. O&M cost, at 30 bar.