Second quarter 2023 results presentation

18 July 2023
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Agenda

1. Nel in brief
2. Q2 2023 highlights
3. Commercial developments
4. Summary
5. Q&A
We unlock the potential of renewables and enable global decarbonization.

Leading pure play hydrogen technology company with a global presence, specializing in electrolyser technology and hydrogen fueling equipment.

This is Nel.
Leading pure play hydrogen technology company with a global footprint

- Listed on the Oslo Stock Exchange (NEL.OSE) since 2014

- Leading electrolyser manufacturer, with >3,500 units delivered in 80+ countries since 1927

- Leading manufacturer of hydrogen fueling stations, with >120 H2StationTM solutions delivered/in progress to 14 countries.

- Manufacturing facilities in Norway, the US, and Denmark

- Global sales network and offices

- ~620 employees

- Preferred partner with industry leaders

- NOK 4.1 billion in cash reserves
2. Q2 2023 highlights
Q2 2023

Highlights

Financial results and financing

Revenues and income
NOK 475 million

EBITDA
NOK -138 million

Order intake
NOK 428 million

Order backlog
NOK 2 965 million

Cash balance
NOK 4 122 million

Key developments in Q2 2023

• Completed US site selection process, selected Michigan for the next Gigafactory
• USD 24 million contract for 16 fueling stations in California, US

Subsequent events

• Granted an additional USD 5.6 million in funding from the U.S. Department of Defense (DoD) for accelerating advanced PEM electrolyser stack development
• EUR 9 million contract for alkaline stacks and balance of stacks to Hyd’Occ in France
• EUR 11 million contract for alkaline stacks to Bondalti in Portugal
## Financial highlights

<table>
<thead>
<tr>
<th>NOK million</th>
<th>Q2 2023</th>
<th>Q2 2022</th>
<th>YTD 2023</th>
<th>YTD 2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue and income</td>
<td>475</td>
<td>183</td>
<td>834</td>
<td>396</td>
</tr>
<tr>
<td>EBITDA</td>
<td>-138</td>
<td>-197</td>
<td>-258</td>
<td>-350</td>
</tr>
<tr>
<td><em>EBITDA margin</em></td>
<td>-29%</td>
<td>-108%</td>
<td>-31%</td>
<td>-88%</td>
</tr>
<tr>
<td>EBIT</td>
<td>-194</td>
<td>-241</td>
<td>-368</td>
<td>-428</td>
</tr>
<tr>
<td>Pre-tax income (loss)</td>
<td>-345</td>
<td>-277</td>
<td>-539</td>
<td>-195</td>
</tr>
<tr>
<td>Net income (loss)</td>
<td>-342</td>
<td>-275</td>
<td>-535</td>
<td>-191</td>
</tr>
<tr>
<td>Net cash flow from operating activities</td>
<td>-306</td>
<td>-220</td>
<td>-334</td>
<td>-378</td>
</tr>
<tr>
<td>Cash balance at end of period</td>
<td>4 122</td>
<td>3 646</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## Segment Financials

### Electrolyser division

<table>
<thead>
<tr>
<th></th>
<th>Q2 2023</th>
<th>Q2 2022</th>
<th>Change</th>
<th>YTD'23</th>
<th>YTD'22</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue and income</td>
<td>391</td>
<td>129</td>
<td>202%</td>
<td>669</td>
<td>289</td>
<td>132%</td>
</tr>
<tr>
<td>EBITDA</td>
<td>-47</td>
<td>-83</td>
<td></td>
<td>-81</td>
<td>-143</td>
<td></td>
</tr>
<tr>
<td>EBITDA margin</td>
<td>-12%</td>
<td>-64%</td>
<td></td>
<td>-12%</td>
<td>-49%</td>
<td></td>
</tr>
<tr>
<td>Order intake</td>
<td>229</td>
<td>184</td>
<td>25%</td>
<td>784</td>
<td>397</td>
<td>98%</td>
</tr>
<tr>
<td>Order backlog</td>
<td>2,472</td>
<td>1,102</td>
<td>124%</td>
<td></td>
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</tbody>
</table>

### Fueling division

<table>
<thead>
<tr>
<th></th>
<th>Q2 2023</th>
<th>Q2 2022</th>
<th>Change</th>
<th>YTD'23</th>
<th>YTD'22</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue and income</td>
<td>84</td>
<td>54</td>
<td>56%</td>
<td>165</td>
<td>108</td>
<td>53%</td>
</tr>
<tr>
<td>EBITDA</td>
<td>-68</td>
<td>-82</td>
<td></td>
<td>-126</td>
<td>-142</td>
<td></td>
</tr>
<tr>
<td>EBITDA margin</td>
<td>-81%</td>
<td>-752%</td>
<td></td>
<td>-76%</td>
<td>-131%</td>
<td></td>
</tr>
<tr>
<td>Order intake</td>
<td>199</td>
<td>52</td>
<td>287%</td>
<td>223</td>
<td>122</td>
<td>83%</td>
</tr>
<tr>
<td>Order backlog</td>
<td>493</td>
<td>337</td>
<td>46%</td>
<td></td>
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</tbody>
</table>

- Revenues from alkaline electrolysers increased 383% y/y, PEM electrolysers increased 78%
- Profitability is improving, though further improvements are necessary. Introducing new technologies in larger, complex projects is challenging, but Nel aims to enhance efficiency and margins over time.

- Results continue to be negatively impacted by high warranty costs and increased utilization of stations on fixed rate service contracts
- The order backlog increase is driven by the 16-station contract in the US
- Nel, as well as the rest of the hydrogen fueling industry, is working to mature the technology and therefore investing heavily in service & maintenance and improved product robustness and reliability. Nel will continue to incur high costs related to these activities going forward.
Order intake and backlog

**Order intake**

- Electrolyser:
  - Q2 2022: NOK 283 million
  - Q2 2023: NOK 418 million (up 46% y/y)

- Fueling:
  - Q2 2022: NOK 236 million
  - Q2 2023: NOK 418 million (up 281% y/y)

LTM order intake: NOK 2,764 million (up 157% YoY)

Order intake expected to vary between quarters as order sizes have increased.

**Order backlog**

- Electrolyser:
  - Q1 2022: NOK 1085 million
  - Q2 2023: NOK 1,439 million (up 106% y/y)

- Fueling:
  - Q1 2022: NOK 1,078 million
  - Q2 2023: NOK 1,289 million (up 124% y/y)

LTM order backlog: NOK 2,965 million (up 106% YoY)

The order backlog is subject to risks such as delays and/or cancellations.
3. Commercial developments
COMMERCIAL DEVELOPMENTS

Capacity expansion plans in progress

- Construction of Line 2 at Herøya to be completed April 2024 (potentially up to 2 GW)
- Construction of a 500 MW PEM line to be completed by 2025
- Planning to build the next gigafactory in Michigan, US (up to 4 GW). No FID yet
- Prepare for new GW site
Record size fueling contract signed

- Client: Undisclosed US energy company
- Size: 16 fueling modules
- Value: USD 24 million, including the already announced USD 7 million capacity reservation fee
- Fueling stations to be deployed in California, US
- Improved risk profile and expected to have a positive financial impact
- Aligned with the new strategy to focus on large committed clients in some selected regions
- Estimated delivery starting Q4’23
COMMERCIAL DEVELOPMENTS

Two containerized PEM solutions (M-series) sold

- Total order intake in Q2’23 more than USD 7 million from these two contracts

- Demand for smaller units appears to pick up especially in the US

- Full scope electrolyser setup
  - modular concept
  - quick to market
  - easy installation

- Comes in two sizes, MC-250 (single PEM stack), and a MC-500 (two PEM stacks)
COMMERCIAL DEVELOPMENTS - SUBSEQUENT

Contract for 20 MW of electrolyser equipment in France

- Client: Hyd’OCC
- Size: 20 MW
- Value: EUR 9 million

- The French renewable energy producer, Qair, is the main shareholder. The local government, is also an owner

- Will supply renewable hydrogen to local industry and transportation in southern France

- This is a firm purchase order for alkaline stacks and balance of stacks. The stacks are planned to be delivered to the client around year-end 2023
Contract for 40 MW of electrolyser equipment in Portugal

- Client: Bondalti
- Size: 40 MW
- Value: EUR 11 million

- Bondalti is the largest company in the Portuguese chemical industry
- The electrolyser will cater for the client’s own hydrogen demand for chemical processes, as well as long-haul transportation and gas grid injection
- The facility is aimed to commence production in the beginning of 2026
- Wood has been contracted for the FEED study related to the project
Receives additional funding for accelerating advanced PEM electrolyser stack development

- Funding from: US DoD, ERDC-CERL
- Amount: USD 5.6 million

- Aim to accelerate PEM electrolyser development to reduce operating and capital costs
- More than USD 11 million received in grants for this project
- Activities include:
  - Development of membranes
  - High volume manufacturing and recycling methods
  - Reduction of precious metals
  - Cell stack integration and testing at ERDC-CERL
Continuing to take industry leadership positions

- Olivia Breese, CEO Power-2-X Ørsted, will take the position as Chair, and Håkon Volldal, CEO of Nel, as Vice-Chair
- While progress has been made in establishing a predictable European legislative framework, achieving a level playing field on par with the US and China is crucial
- The coalition is driving the development of a regulatory framework that effectively nurtures European interests, secures funding for pioneering projects, and mitigates early-stage risks

Promoting the critical role of renewable hydrogen to deliver the EU’s long-term decarbonisation goals
4. Summary
SUMMARY AND OUTLOOK

Larger projects take longer time to mature

• Smaller products are becoming more standardised and faster to market

• Large-scale projects have higher complexity
  • Infrastructure
  • Technology mix
  • Off-take agreements
  • Financing/funding

• Increased overall risk for the project developer as well as the technology provider

• Timelines are affected as project developers are diligently working to increase project quality
With increased size, complexity and risk, the need for competence and experience increases accordingly.

Nel’s value proposition:

• Unrivalled track record
  - Decades of experience
  - Large installed base

• Technology leadership
  - Multiple technology platforms
  - Proven solutions

• Cost and scale leadership
  - Front-runner in cost reductions
  - Market leading production capabilities

SUMMARY AND OUTLOOK

Well positioned for large-scale market leadership
Second quarter 2023 summary

Significant revenue growth and positive margin development

Record size fueling contract signed during the quarter, electrolyser order intake up 25% y/y

Line two at Herøya on track → 1 GW
Wallingford expansion on track → 500 MW
Concluded on Michigan for the US Gigafactory
number one by nature