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Q3 2021

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21 October 2021

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Agenda

- Nel in brief
- Q3 highlights & financial review
- Quarterly developments
- Other key developments
- Update on Herøya capacity expansion
- Summary / Outlook
- Q&A



Leading pure play hydrogen technology company with a global footprint



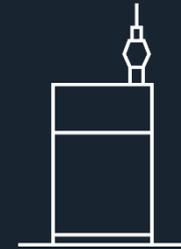
Pure play hydrogen technology company listed on Oslo Stock Exchange (NEL.OSE)



Manufacturing facilities in Norway, Denmark, and U.S., and a global sales network



World's largest electrolyser manufacturer, with >3,500 units delivered in 80+ countries since 1927



Leading manufacturer of hydrogen fueling stations, with ~120 H2Station™ solutions delivered/in progress to 14 countries

Strong field know-how and manufacturing capacity

PEM electrolyzers

Wallingford, USA



Systems delivered: **2,700+**
Production capacity: **>50 MW/year**
History: **23 years**

Alkaline electrolyzers

Notodden/Herøya, Norway



Systems delivered: **800+**
Production capacity: **500 MW/year (~2 GW/year)**
History: **90 years**

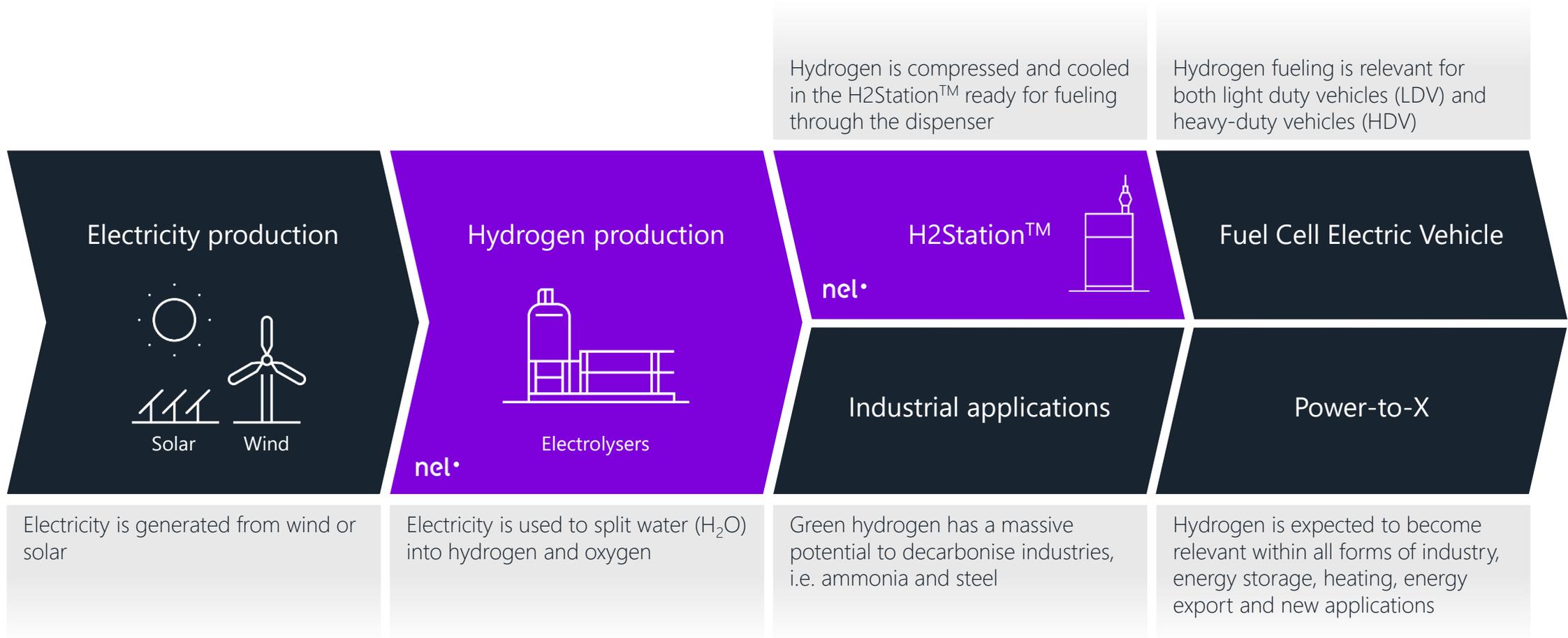
Hydrogen refueling stations

Herning, Denmark



Stations delivered: **~120**
Production capacity: **300 HRS/year**
History: **16 years**

Green hydrogen approaching fossil parity – game-changer across applications and markets

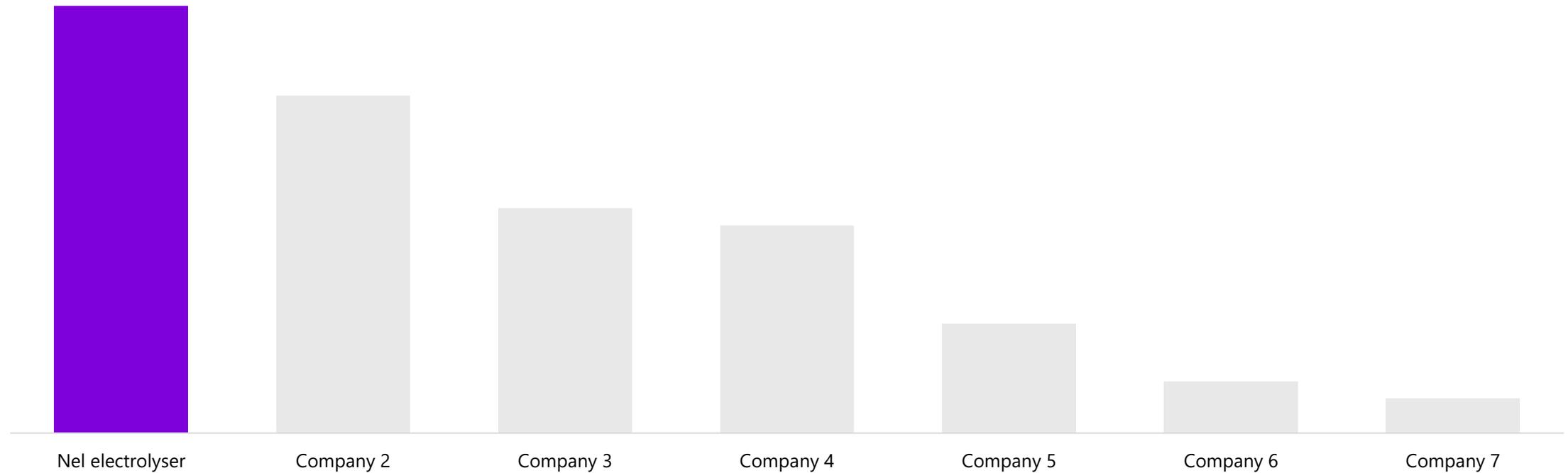


THIS IS NEL

Nel is the largest electrolyser manufacturer worldwide

The world's largest electrolyser manufacturers

Ranked by 2020 revenues



Source: Company websites, 2020 annual reports, estimates and market intelligence

Q3 highlights & financial review

Q3 2021

Highlights

Financial results and financing

Revenues

NOK 229 million

Up 55% from NOK 148 million in Q3 2020

EBITDA

NOK -113 million

Decrease from Q3 2020

Order backlog

NOK 1014 million

Up 8% vs. same quarter last year (Q3 2020)

Order intake

NOK 139 million

Driven by strong industrial sales

Cash balance

NOK ~2.9 billion

Support Nel's leading position and accelerated investments in technology and organization

Key developments

- Joins PosHydon Consortium for offshore green H2 production integrated with offshore wind and natural gas
- PO for 1.25MW containerized PEM electrolyser for carbon free nuclear generation in the US
- PO from Everfuel for a H2Station™ for fleet of taxis in Aarhus, Denmark
- Enters development agreement for decentralized energy generation and storage with SFC Energy
- PO for 5MW alkaline electrolyser to SGN for the world's first 100% hydrogen-to-homes heating network in Scotland
- PO for a H2Station™ for from "Touraine Vallée de l'Indre" to be used for light and heavy-duty fuel cell vehicles
- PO for a H2Station™ from MaserFrakt AB to be used for a fleet of heavy-duty fuel cell vehicles in Sweden.

Subsequent events

- N/A

Financial highlights

| (NOK million) | 2021 Q3 | 2020 Q3 | 2020 | 2019 | 2018 |
|---|---------|---------|-------|------|------|
| Operating revenue | 229 | 148 | 652 | 570 | 489 |
| Total operating expenses | 368 | 264 | 1 066 | 823 | 685 |
| EBITDA | -113 | -42 | -255 | -178 | -132 |
| EBIT | -139 | -116 | -414 | -253 | -196 |
| Pre-tax income (loss)* | -509 | -629 | 1 246 | -277 | -198 |
| Net income (loss)* | -507 | -627 | 1 262 | -270 | -189 |
| Net cash flow from operating activities | -116 | -66 | -216 | -200 | -143 |
| Cash balance at end of period | 2930 | 2544 | 2 333 | 526 | 350 |

* Q3 2021 includes a negative fair value adjustment of the shareholding in Nikola Corporation of NOK 67.4 million (a value of USD 10.67 per share as of September 30, 2021). The fair value adjustment was NOK -513.3 million and NOK 100.2 million in the third quarter 2020 and full year 2020, respectively. 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.

Q3 2021 includes a negative fair value adjustment of the shareholding in Everfuel of NOK -311.2 million (a value of NOK 44.92 per share as of September 30, 2021). The fair value adjustment was NOK 0.0 and NOK 1 531.8 million in the third quarter 2020 and full year 2020, respectively. 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.

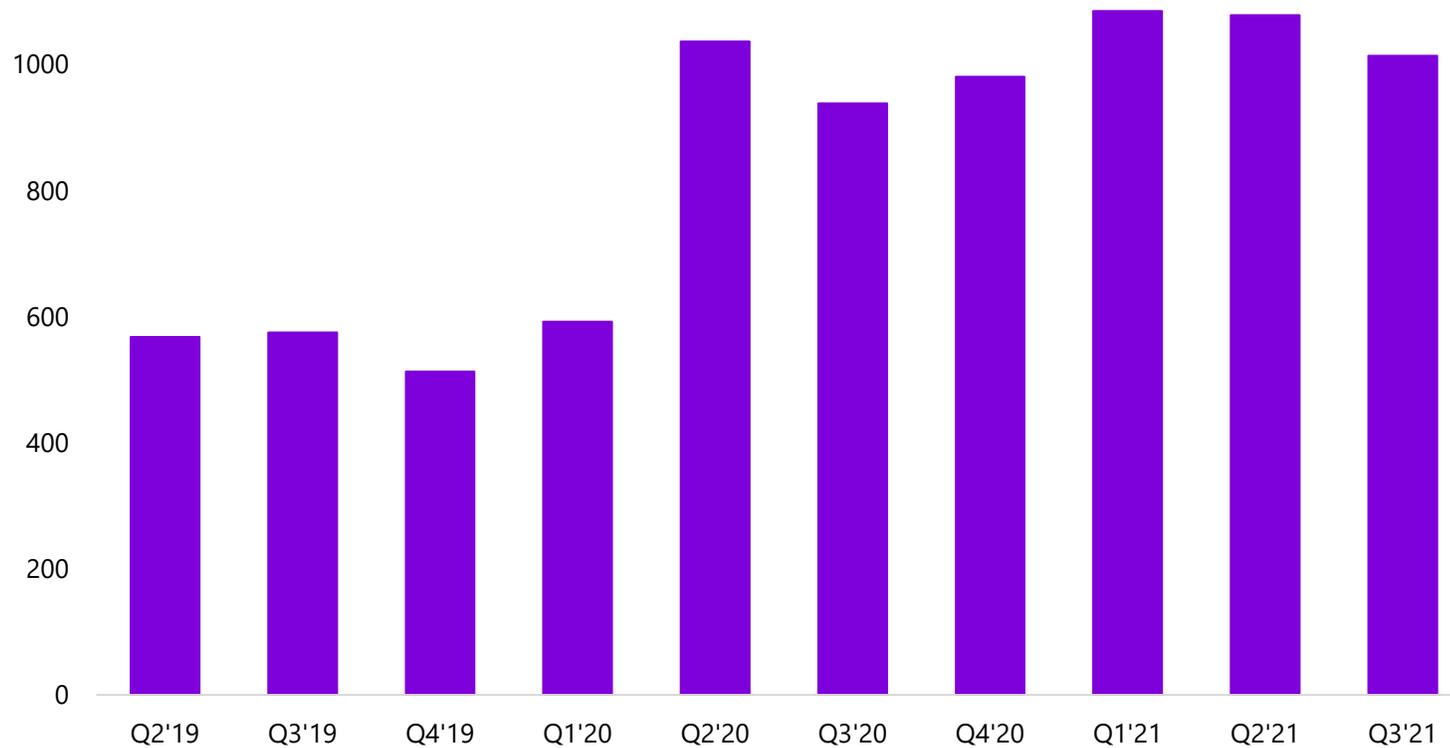
Negative effect on Q3 EBITDA & earnings

- EBITDA significantly impacted by preparations and investments for the future:
 - Projects are getting larger, continue to recruit to be able to deliver on what is coming
 - Across the entire organization; in particular, within project execution
 - Ramp-up of Herøya, full cost without any revenue (yet)
 - Projects often include new geographies, customer segments, technological components, and/or products leading to additional costs and risk
- Financial results continue to be negatively impacted by overall Covid-19 situation:
 - Hiring external resources to compensate for Nel-employees not being able to travel
 - Additional hours spent on different projects due to various travel restrictions
 - Covid-19 will continue to cause disruptions and challenges for the remaining of 2021

Solid backlog

Order backlog by quarter

NOK million



Solid order backlog

- Backlog slightly down from last quarter, up 8% from Q3 2020
- Strong pipeline across segments and industries. Strong industrial sales in PEM
- Order intake is expected to vary between quarters as order size increases

Continued pipeline growth across both electrolyser and fueling segments

>6 billion
USD

>800
projects

>11
GW

~60%
of potential revenue from 20 largest
projects

Single largest
>1 600 MW

Record-high pipeline presents opportunities for Nel:

- Scalable technology
- Reliable systems
- World-class efficiency
- Leading Total Cost of Ownership (TCO) for the customer

Quarterly developments

Purchase order for 2 MW PEM electrolyser from H2 Energy



Photo: Hyundai Motor Company

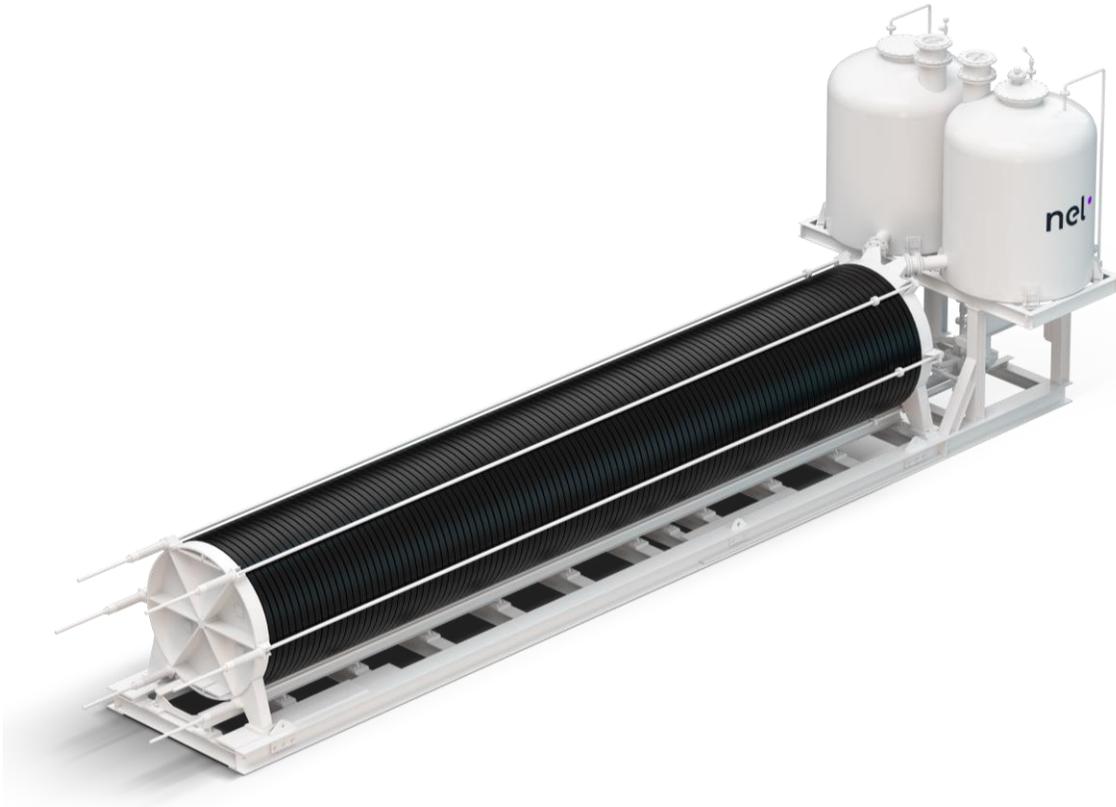
- Nel received PO for a 2 MW fully containerized MC400 electrolyser from H2Energy
- The electrolyser is the second system to be delivered as part of the green hydrogen infrastructure network that is supplying hydrogen to the first 46 Hyundai trucks already operating in Switzerland
 - Total of 1 600 hydrogen trucks to be deployed
- The system will be filling 350 bar trailers directly at site to dispatch the hydrogen to the Hydros spider fueling stations network in Switzerland

Purchase order for 1.25MW containerized PEM electrolyser in the US



- Nel received PO order for 1.25MW containerized electrolyser to be installed at a nuclear power plant in the US
- The MC250 will be the first PEM electrolyser at a nuclear plant in the US configured for dynamic dispatch
- Demonstrate future potential for use of hydrogen at nuclear plants
- The PO has a value of USD ~2.6 million and will be delivered in 2022
- Project is supported by the Department of Energy through the H2@Scale Program

Purchase order for 5 MW alkaline electrolyser from SGN for H100 Fife project in Scotland



- Nel received PO for a 5 MW alkaline electrolyser from SGN
- The electrolyser will be used for the world's first hydrogen-to-homes heating network on the East coast of Scotland and the system will be powered by nearby offshore wind turbines and grid electricity
- The contract includes a fully redundant system, installation and commissioning; as well as a service and maintenance contract
- The project will supply 300 households with zero carbon heat, with potential to expand to 900 households

Partnership with SFC Energy for integrated electrolyser and H2 fuel cell systems



- Integrated electrolyser and fuel cell systems for decentralized energy generation and storage, based on mature, proven technology from Nel and SFC Energy
- Significant contribution to emission reductions through replacement of diesel generators with more efficient hydrogen fuel cell and electrolyser systems
- Potential for applications in a power range of up to 500kw - on par with industrial diesel generators
- Market for stationary and semi-stationary fuel cells coupled with H2 production could grow to EUR 15bn by 2030 in Europe alone

Purchase order for H2Station™ hydrogen fueling station from Everfuel A/S



Photo: Everfuel

- Purchase order for one H2Station™ for a fleet of taxis in Aarhus, Denmark
- The H2Station™ will be installed in Aarhus during 2022
- The H2Station™ will also be used as a prototype for a movable station solution to serve light-duty vehicles
- The parties have agreed not to disclose the value of the purchase order

Purchase order for H2Station™ hydrogen fueling station from MaserFrakt AB



Photo: MaserFrakt

- Purchase order for H2Station™ for a fleet of heavy-duty fuel cell electric vehicles in Borlänge, Sweden
- The H2Station™ refuels hydrogen vehicles in less than fifteen minutes in a safe, fast and reliable way
- The H2Station™ is scheduled to be operational by Q4 2022
- The parties have agreed not to disclose the value of the purchase order

QUARTERLY DEVELOPMENTS

Purchase order for H2Station™ hydrogen fueling station from the Community of cities «Touraine Vallée de l'Indre (CCTVI)»



- Purchase order for one H2Station™ for light and heavy-duty fuel cell electric vehicles in the region of Tours, France
- The H2Station™ is partly funded by the European Fuel Cells and Hydrogen 2 Joint Undertaking in the COSMHYC-demo project
- The H2Station™ is expected to be operational by Q3 2022
- The contract value of approximately EUR 1 million includes installation and commissioning
- Nel's first order to a customer in France, a market with potential for substantial growth

Other key developments

KEY DEVELOPMENTS

Positive policy developments in the US could be market-changing for hydrogen (1:2)

Infrastructure Investment and Jobs Act

- USD 1 trillion bill achieved bipartisan support – increasing likelihood of being passed in the House by end of 2021
- USD 1 billion designated for electrolysis, compression and technology between 2022-26; aim to drive down cost of clean hydrogen below USD 2/kg by 2026
- USD 8 billion designated for establishing >4 US hydrogen hubs between 2022-26; demonstrating production, processing, delivery, storage and end-use of clean hydrogen
- Funds allocated to research, development and deployment



Official White House Photo by Adam Schultz

KEY DEVELOPMENTS

Positive policy developments in the US could be market-changing for hydrogen (2:2)

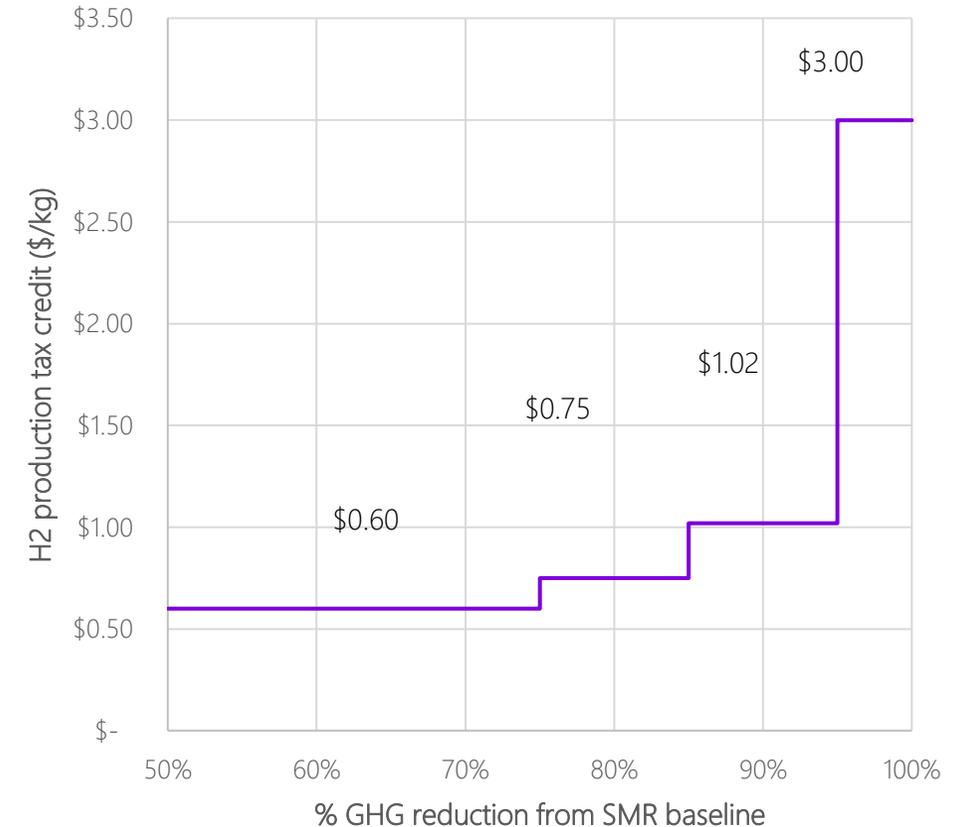
Build Back Better Act ("The Reconciliation Bill")

- Proposed USD 3.5 trillion bill
- Production tax credits: USD 3/kg subsidy for green hydrogen
 - Requires clean hydrogen to be produced with 95% less GHG emissions than grey hydrogen, resulting in an incentive for green over blue hydrogen
- Expected to accelerate investments prior to 2026
- Negotiations ongoing in Senate: Uncertainty around the Clean Electricity Performance Program (CEPP), however clean-energy tax credits are likely to end up in final bill
- Deadline to pass the bill is December



Appropriations Bill

- Energy and Water bill includes USD +50 million for hydrogen and fuel cell technologies for research and development grants
- Deadline to pass the bill is December



Growth in offshore wind means moving to deeper waters where hydrogen can play an important role as an energy carrier

Offshore wind global capacity expected to grow by 20GW per year until 2030¹

Scale continues to drive down LCOE of offshore wind

80% of wind resources in waters of >60m depth, poised to be the most effective renewable energy source



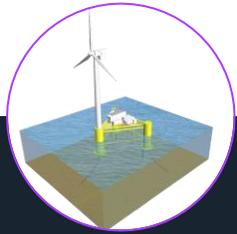
Hydrogen as an energy carrier for electricity produced offshore

Decouple offshore wind from a crowded electricity grid

Allows for wind farms to be placed where the wind is strongest, independent of grid availability

Repurposing of existing gas infrastructure, transporting molecules rather than electrons back to shore

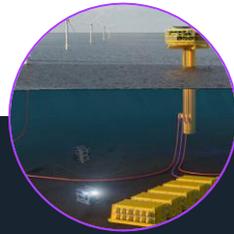
Nel at the forefront of developing solutions for hydrogen production from offshore wind - a potential next step towards hydrogen production at scale



ERM Dolphyn

Green hydrogen at floating offshore wind installations

- Potential for supply of energy to heat more than 1.5 million homes
- Assessment underway for application of a PEM electrolyser from Nel
- Other partners are ERM and Doosan Babcock amongst others
- Funding obtained through the UK Government "Hydrogen Supply Programme"



Deep Purple™

Green hydrogen from offshore wind combined with subsea storage

- Pilot intends to demonstrate opportunity for stable energy production and supply off-grid, i.e., remote islands, offshore installations
- Consortium is led by Technip FMC and consists of Vattenfall, Repsol, Nel, DNV, SINTEF amongst others
- Funding obtained through Innovation Norway



PosHYdon

Green hydrogen from offshore wind, mixed w/natural gas - transported to shore via existing gas pipelines

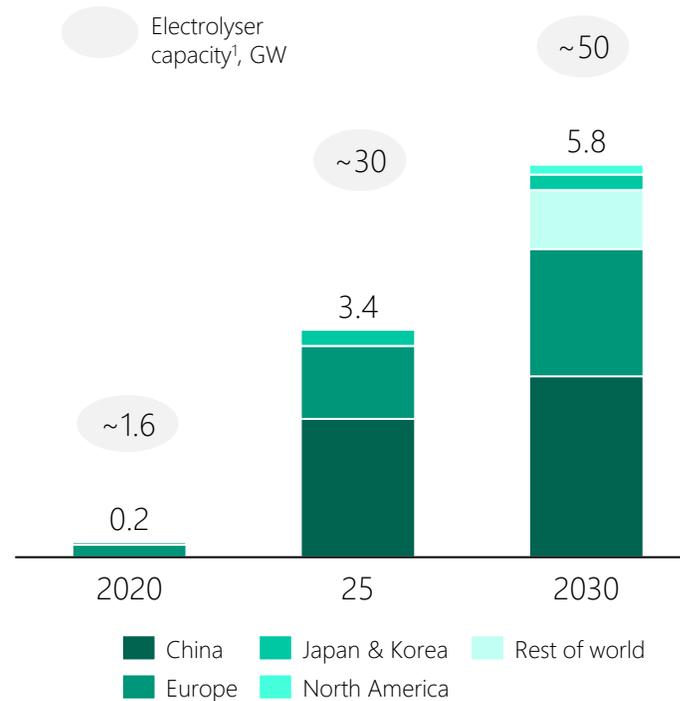
- Nel to provide 1.25MW containerized PEM electrolyser to pilot project
- Consortium partners include TNO, Neptune Energy, Nel, Gasunie, Noordgastransport amongst others
- Funding obtained through Dutch Government DEI+ scheme

Steel emerging as potential huge market for green hydrogen

Decarbonization pressure

- Steel production is a significant contributor to CO₂ emissions and energy demand
- Every ton of steel produced emits on average 1.85 tons of CO₂, amounting to about 8% of global emissions
- Increased CO₂ costs and regulation will add to business case for switching to green hydrogen in steel production

Green steel demand, H2 Mtpa



Applications for hydrogen in steel production

1. Replace fossil fuels in Direct Reduction Iron (DRI) processes with hydrogen (via electrolysis)
2. Blending in blast furnace (BF) production process
3. Heating of steel prior to milling/rolling

KEY DEVELOPMENTS

Nel supplier of electrolyser to HYBRIT, for the world's first hydrogen-reduced sponge iron production



- Nel supplied 4.5MW electrolyser for pilot stage
- The HYBRIT initiative consists of three owners: SSAB, LKAB and Vattenfall
- HYBRIT test production demonstrates it is possible to use fossil-free hydrogen gas to reduce iron ore (direct reduction) instead of using coal and coke to remove oxygen
- The HYBRIT-initiative captures 90% of emissions in conjunction with steel-making
- HYBRIT industrial scale production expected in 2026



Herøya capacity expansion update

\$1.50/kg

Nel green hydrogen cost target by 2025

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

Game-changing expansion at Herøya on track and on budget



Fully automated and designed according to lean manufacturing and industry 4.0 principles



Industrial scale production of most efficient electrolysers in the market, at a **game-changing cost**



Large scale production line, name plate capacity of **more than 500 MW**



Room to expand to **~2 GW** annually



CO₂ reduction potential in line 1 (pilot) of **1.000,000 tonnes** – with 2 GW, **4-5 million tonnes**



First electrode batch produced at Herøya

Q3 production ramp-up completed – ready for full-scale production:

- HSE: Zero Total Recordable Incidents (TRI)
- In line with budgeted costs
- Installation and Factory Acceptance Tests (FAT) completed to plan
- Operations team have taken over the production facility
- First electrode batch produced
- Production for Nikola and Everfuel will commence in Q4



Summary and outlook

Reiterating 2021 guidance: Investing to maintain leadership in a growing market



Accelerating investments in organization, technology and partnerships to maintain leading position in a growing market



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 to 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 capacity as required by the market**

Ramp up resulting in **significantly negative EBITDA in 2021**

The global leader within hydrogen technologies

Proven track record and established market leader

- Pure play, independent hydrogen technology company
- Decades of experience in PEM and alkaline electrolyser platforms
- Technology leadership

Scalability and cost leadership

- First to announce ambition to deliver green hydrogen cost target of \$1.5/kg by 2025, reaching fossil parity
- Started up >500 MW electrolyser production capacity in Norway in Q3 2021, 5 times the 2020 global market
- Will add capacity when required by the market

Independent player with strong partnership strategy

- Global delivery and execution capabilities for large-scale, complex projects
- Partnerships for development of complete applications for end-users
- Preferred partner across the green hydrogen value chain

number one by nature