



FIRST QUARTER REPORT 2015



Overview

Highlights

- In the first quarter of 2015 NEL ASA (“NEL”) completed a subsequent offering, following the private offering announced on 28 November 2014.
- NEL’s revenues in the first quarter were NOK 17.6 million, compared with NOK 12.1 million in the preceding quarter (fourth quarter 2014).
- EBITDA was NOK 1.5 million, compared with a loss of NOK 3.5 million in the preceding quarter.
- Net loss was NOK 0.6 million, compared with a loss of NOK 1.0 million in the preceding quarter.
- After the end of the quarter, NEL increased its ownership in Hyme AS, a provider of solutions for hydrogen refuelling stations, from 31 to 56.8 %, coinciding with the global launch of hydrogen fuel cell electric vehicles (FCEV) in 2015.
- NEL continued to evaluate opportunities for its healthcare division, including, but not limited to, possible mergers, acquisitions and strategic partnerships during the first quarter.

Key figures

The table relates to the consolidated figures for NEL ASA.

	2015	2014	2014	2014
<i>(Unaudited figures NOK million)</i>	Q1	Q4	Q1	Full year
Operational revenue	17.6	12.1	0.0	12.6
Total operating cost	19.6	19.1	4.4	25.2
EBITDA	1.5	-3.5	-4.3	-9.5
EBIT	-2.1	-7.1	-4.4	-13.2
Pre-tax profit	-1.6	-6.1	-4.4	-11.6
Net profit	-0.6	-1.0	-4.4	-6.5
Net cash flow from operating activities	-8.4	14.5	-6.4	4.4
Cash balance end of period	164.5	98.5	5.2	98.5

Key events after the end of the quarter

- 20 April: NEL announced that it has increased its ownership in Hyme AS, a provider of design and technical solutions for hydrogen refuelling stations, from 31 to 56.8 %. The increase in ownership is part of NEL's strategy to grow within the hydrogen refuelling market. Hyme AS was established in mid 2014 by NEL and three Scandinavian partners.

Foundation laid for growth within hydrogen

NEL is the first dedicated hydrogen company on the Oslo Stock Exchange. After acquiring NEL Hydrogen AS and raising capital in 2014, NEL ASA in the first quarter completed an oversubscribed subsequent offering of 10 million new shares at a subscription price of NOK 1.30.

Through these transactions, the foundation has been built for a new business strategy for NEL ASA (formerly Diagenic ASA).

In the first quarter, NEL had revenues of NOK 17.6 million, compared with NOK 12.1 million in the preceding quarter (fourth quarter 2014). Comparisons are made with the preceding quarter as the business transformation makes comparisons to the first quarter of 2014 of no value.

EBITDA was NOK 1.5 million, compared with a loss of NOK 3.5 million in the preceding quarter. After depreciation of excess value related to the acquisition of NEL Hydrogen AS in accordance with IFRS accounting standards of NOK 3.5 million, EBIT was negative NOK 2.1 million, compared with negative NOK 7.1 million in the preceding quarter.

Net loss was NOK 0.6 million, compared with a loss of NOK 1.0 million in the preceding quarter.

The cash balance at the end of the first quarter was NOK 164 million, up from NOK 98 million at the beginning of the quarter.

NEL Hydrogen and Hyme

NEL aims to maintain and grow its position as a world-leading manufacturer of hydrogen electrolyzers. Rapid marked growth is expected as hydrogen fuel cell vehicles increasingly are introduced. NEL aims to deliver a complete solution, from production of hydrogen to refuelling of vehicles, through the partly owned company Hyme AS. The recently announced increased ownership in Hyme AS illustrates NEL's belief in and commitment to this market.

NEL delivered the world's first publically available hydrogen refuelling station in Iceland in 2003 and offers solutions for both trucked-in hydrogen supply and on-site electrolytic production. Through NEL's already existing international presence, NEL is well positioned to offer this concept globally. This initiative is timed with the global launch of hydrogen fuel cell electric vehicles in 2015. Toyota will introduce the Mirai in California later this year, and other major automobile manufacturers are also launching fuel cell electric vehicles.

In addition to its use as fuel for cars, NEL sees great potential for hydrogen as an energy carrier related to the growth in renewable energy and the shift from fossil to renewable fuels. Energy markets increasingly will demand flexible production of hydrogen in order to follow the natural fluctuations in renewable electricity generation from sources such as wind and solar power. The market is still in a nascent stage, but it is potentially several times larger than the present electrolyser market.

NEL's growth strategy is rooted in history. NEL Hydrogen AS is a world-leading supplier of hydrogen production plants based on alkaline water electrolyser technology. The history dates back to 1927 when Norsk Hydro developed large-scale electrolyser plants providing hydrogen for use in ammonia production with fertilizer as the end product.

Traditionally, hydrogen is used as input to a number of industrial applications, as industrial feedstock, protective atmosphere, and other purposes. Sectors include: food, chemicals/refining, metallurgy, glass production, electronics, generator cooling, and production of polysilicon for use in solar panels.

NEL's main product is its line of atmospheric hydrogen electrolyzers suited for large-scale applications and customers who want a stable supply of hydrogen. NEL Hydrogen started commercial sales of electrolyzers in the 1970s and has sold more than 500 electrolyzers to customers in various industries across Europe, South America, Africa and Asia.

With no carbon footprint, hydrogen is together with electricity set to become the main energy carrier of the future. Based on our unique electrolyser technology with superior energy efficiency, design and scalability, NEL aims for profitable growth aligned with a zero-emission vision of the future.

Healthcare

NEL still holds five patent families and over 100 patents granted within healthcare. NEL continues to evaluate opportunities for its healthcare division, including, but not limited to, possible mergers, acquisitions and strategic partnerships.

Statement regarding forward-looking statements

Matters discussed in this report may constitute forward-looking statements.

The forward-looking statements in this report are based on various assumptions, many of which are based upon further assumptions, including without limitation, management's examination of historical operating trends, data contained in our records and other data available from third parties. Although we believe that these assumptions were reasonable when made, because these assumptions are inherently subject to significant uncertainties and contingencies which are difficult to predict and beyond our control, we cannot assure you that we will achieve or accomplish these expectations, beliefs or projections.

Oslo, 29 April 2015

The Board of Directors

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Lars Christian Stugaard

CEO

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Condensed Interim Financial Statements

Statement of comprehensive income (unaudited)

FINANCIAL STATEMENT - Q1/2015

Statement of comprehensive income (figures NOK thousands)	Note	2015 Q1	2014 Q1	2014 1 Jan-31 Dec.
Operating Income				
Other operating income		17 597	0	12 067
Total operating revenue		17 597	0	12 067
Operating expenses				
Cost of goods sold		7 038	0	3 361
Total cost of goods sold		7 038	0	3 361
Operating costs				
Wages and social costs		4 481	1 296	7 342
Depreciation		3 554	100	3 651
Devaluation goodwill		0	0	0
Other operating costs		4 574	3 041	10 885
Total other operating costs		12 610	4 437	21 878
Total operating costs		19 648	4 437	25 239
Operating profit (loss)		-2 051	-4 437	-13 173
Financial income		760	58	1 813
Financial expenses		280	2	274
Net financial income/expense		480	56	1 539
Pre-tax profit (loss)		-1 571	-4 381	-11 633
Estimated tax payable		-932	0	-5 122
NET PROFIT (LOSS)		-639	-4 381	-6 511
Other comprehensive income		0	0	0
Comprehensive income		-639	-4 381	-6 511
Net profit per share (figures in NOK)		0,00	-0,54	-0,02
Net profit per share after dilution		0,00	-0,54	-0,02

Statement of financial position (unaudited)

Statement of financial position (figures NOK thousands)	Note	2015 31 March	2014 31 March	2014 31 Dec
ASSETS				
Fixed assets				
Technology		8 550	0	8 775
Customer relationship		31 350	0	32 175
Customer contracts		4 800		7 200
R&D		99		0
Goodwill		60 799	0	60 799
Total non-current assets		105 598	0	108 949
Land, buildings and real estate				
Land, buildings and real estate		3 856	0	3 893
Total land, buildings and real estate		3 856	0	3 893
Fixed assets				
Fixtures and fittings, tools, etc.		1 106	0	1 174
Total fixed assets		1 106	0	1 174
Financial assets				
Investments in shares		263		263
Total financial assets		263	0	263
Total fixed assets		110 823		114 278
Current assets				
Inventory		8 839	0	6 071
Trade receivables		22 887	0	18 927
Other receivables		3 395	2 482	1 406
Cash and cash equivalents		164 479	5 188	98 497
Total current assets		199 599	7 670	124 901
TOTAL ASSETS		310 422	7 670	239 179
EQUITY AND LIABILITIES				
Equity				
Share capital		79 786	1 632	67 786
Paid in equity		190 931	44 909	134 663
Retained earnings		-639	-42 353	-6 511
Total equity		270 078	4 188	195 937
Provisions				
Deferred tax		15 052	0	15 984
Total provisions		15 052	0	15 984
Other long term liabilities				
Other long term liabilities		7 318	0	7 578
Total other long term liabilities		7 318	0	7 578
Liabilities				
Accounts payable		2 210	803	3 100
Dividends				
Tax payable		0	0	0
Social security, VAT etc. payable		706	578	1 735
Other current liabilities		15 059	2 101	14 847
Total current liabilities		17 974	3 482	19 681
TOTAL EQUITY AND LIABILITIES		310 422	7 670	239 179

Statement of changes in equity (unaudited)

Statement of changes in Equity and Number of Shares (figures in NOK/numbers)	Note	Share premium	Other reserves	Other equity	Total equity	Number of shares
As at 1st January 2014		45 016	-310	-37 662	8 675	8 159 873
Allocation of comprehensive loss		-37 972	310	37 662	0	
Shares owned by company				-2 085	-2 085	
Transaction cost		-5 342		0	-5 341	
Increase of capital 15.4.14		30 000			50 000	100 000 000
Increase of capital 20.10.14		79 615			115 000	176 923 077
Increase of capital 13.11.14		24 231			35 000	53 846 154
Consideration				1 200	1 200	
Comprehensive income 1.1.-31.12.2014				-6 511	-6 511	
As at 31th December 2014		135 548	0	-7 396	195 937	338 929 104
					0	
Transaction cost		-3 220			-3 220	
Increase of capital 12.1.2015		55000			65 000	50 000 000
Increase of capital 2.2.2015		11000			13 000	10 000 000
Comprehensive income 1.1.-31.3.2015				-639	-639	
As at 31st March 2015		198 328	0	-8 036	270 078	398 929 104

Statement of cash flow (unaudited)

CASH FLOW STATEMENTS <i>(figures NOK thousands)</i>	Note	2015 Q1	2014 Q1	2014 1 Jan-31 Dec
Cash flow from operating activities				
Pre-tax profit (loss)		-1 571	-4 381	-6 512
Income taxes paid		0	0	0
Ordinary depreciation		3 554	0	3 551
Impairment of fixed assets		0	100	100
Fair value granted option rights		0	0	0
Loss on sale of fixed assets		0	0	0
Change in pension scheme liabilities		0	0	0
Change in inventories, accounts receivables and accounts payable		-7 618	582	9 913
Change in other short-term receivables and other short-term liabilities		-2 806	-2 735	-2 704
<i>Net cash flow from operating activities</i>		<i>-8 440</i>	<i>-6 433</i>	<i>4 348</i>
Cash flow from investment activities				
Proceeds from sale of fixed assets		0	235	0
Acquisitions of fixed assets		-99	0	-37 495
<i>Net cash flow from investing activities</i>		<i>-99</i>	<i>235</i>	<i>-37 495</i>
Cash flow from financing activities				
Contribution of share capital		74 780	-107	112 573
Payment of short and long term liabilities		-260	0	7 578
<i>Net cash flow from financing activities</i>		<i>74 520</i>	<i>-107</i>	<i>120 151</i>
<i>Net change in cash and cash equivalents</i>		<i>65 981</i>	<i>-6 304</i>	<i>87 005</i>
Cash and cash equivalents		164 479	5 188	98 497

Notes to the interim financial statements

1. Presentation

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 financial statements for the year ended 31st of December 2013 prepared in accordance with International Financial Reporting Standards (“IFRS”).

The accounting policies used and the presentation of the Interim Financial Statements are consistent with those used in the latest Annual Financial Statements.

The preparation of the Interim Financial Statements requires management to make 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.

2. Going concern

The financial statement is presented on the going concern assumption under International Financial Reporting Standards.

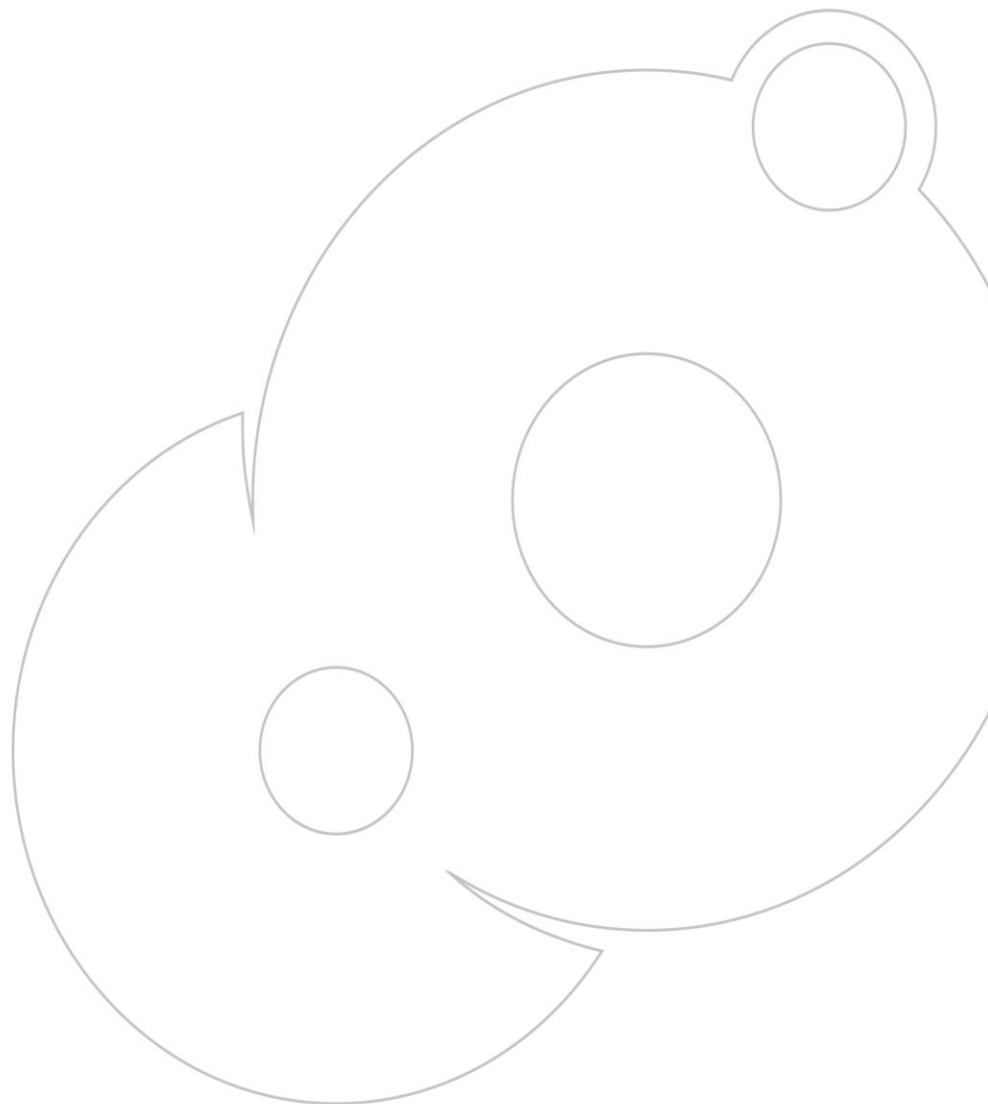
As per the date of this report the Company has sufficient working capital for its planned business activities over the next twelve month period.

3. NEL Hydrogen AS

NEL Hydrogen AS is a global leader in the supply of hydrogen-based electrolyser plants and hydrogen fuelling stations. The company’s production facility is located in Notodden, Norway. NEL ASA holds 100% of the shares in NEL Hydrogen AS.

NEL HYDROGEN AS (unaudited)

	2015	2014
<i>(figures NOK thousands)</i>	Q1	Full year
Total operating revenue	17 597	69 326
Total operating cost	15 899	54 515
Operating profit	1 698	14 515
Net Financial income (expense)	-30	591
Pre-tax profit (loss)	1 667	15 105



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