

# FIRST QUARTER REPORT 2016



## Highlights of the quarter

- NEL Hydrogen AS and H2 Logic A/S (H2 Logic) were awarded contracts of approximately NOK 25 million for the delivery of a hydrogen refuelling station with integrated on-site hydrogen production to Uno-X Hydrogen AS.
- NEL Fuel AS, a subsidiary of NEL ASA (NEL), and Uno-X entered into a final agreement for the rollout of minimum 20 hydrogen refuelling stations covering all the major cities in Norway within 2020.
- NEL reported revenues in the first quarter of NOK 26.0 million, compared to NOK 17.6 million in the first quarter of 2015. The revenues were negatively impacted by the planned maintenance and production optimisation programme at the Notodden facility.
- The EBITDA was negative NOK 7.6 million, reflecting the high activity level within future growth initiatives and the ongoing production ramp up investments.
- The cash balance at the end of the first quarter was NOK 289 million.

## Subsequent events

- H2 Logic entered into a contract for the purchase of a facility in Herning, Denmark for the development of a new large-scale production plant for hydrogen refuelling stations. The factory will have an annual capacity to manufacture up to 300 refuelling stations per year, sufficient for refuelling 200 000 new Fuel Cell Electric Vehicles (FCEV) annually.
- NEL and partners initiated the project "Hyper", a feasibility study of the potential for large scale hydrogen production in Norway for export to the European and Japanese markets. The project has received a 14 MNOK grant from the ENERGIX programme of the Research Council of Norway.
- H2 Logic launched the H2Station® CAR-200, a hydrogen refuelling station that triples the fuelling capacity, while reducing the footprint to one third of the current generation.
- NEL entered into a Letter of Intent with Meløy Energi AS and Meløy Næringsutvikling AS to establish Glomfjord Hydrogen AS, for the potential development of a large-scale, low-cost hydrogen production facility in Glomfjord Industrial Park in Meløy, Norway.

## Key figures

	2016	2015	2015
<i>(Unaudited figures NOK million)</i>	Q1	Q1	Full year
Operational revenue	26.0	17.6	99.9
Total operating cost	36.1	19.6	118.2
EBITDA*	-7.6	1.5	2.6
EBIT	-10.1	-2.1	-18.3
Pre-tax profit	-10.1	-1.6	-27.8
Net profit	-9.7	-0.6	-21.7
Net cash flow from operating activities	-21.3	-0.8	-37.8
Cash balance end of period	289.0	164.5	313.0

\* EBITDA in 2015 excludes transaction costs related to the acquisition of H2 Logic.

## Financial development

In the first quarter of 2016, NEL reported revenues of NOK 26.0 million, compared to 17.6 million in the same quarter in 2015. The revenues were negatively impacted by the planned maintenance and production optimisation programme at the Notodden facility. The comparable figures do not include H2 Logic, which was consolidated from the third quarter of 2015.

EBITDA in the first quarter was negative NOK 7.6 million, compared to an EBITDA of 1.5 million in the corresponding quarter last year, reflecting the high activity level within future growth initiatives and the ongoing production ramp up investments.

EBIT was negative NOK 10.1 million, compared to negative NOK 2.1 million in the first quarter of 2015. This includes NOK 2.5 million in depreciation of physical and intangible assets.

Net loss for the quarter was NOK 9.7 million, compared to a loss of NOK 0.6 million in the same quarter last year.

Total assets were NOK 781.1 million at the end of the first quarter 2016, compared to NOK 815.6 million at the end of the fourth quarter of 2015. Total equity was NOK 714.6 million. Thus, the equity ratio was 91 percent.

Net cash flow from operating activities in the first quarter 2016 was negative NOK 21.3 million, compared to negative NOK 0.8 million in the same quarter last year. Net cash flow from investment activities was negative NOK 2.9 million. Net cash flow from financing activities was positive NOK 0.1 million, compared to negative NOK 0.3 million in the corresponding quarter last year.

NEL's cash balance at the end of the first quarter was NOK 289.0 million, up from NOK 164.5 million at the same end of the first quarter in 2015.

## Strategy

*NEL is the first dedicated hydrogen company on the Oslo Stock Exchange. Since its foundation in 1927, NEL Hydrogen has a proud history of development and continual improvement of hydrogen plants. NEL is global a supplier of hydrogen solutions, covering the entire value chain from hydrogen production technologies to hydrogen refuelling stations for fuel cell electric vehicles.*

The company has three divisions: Upstream, Downstream and Systems.

### Upstream

*Production of electrolyzers for hydrogen production*

The core of the Upstream division is NEL Hydrogen AS (NEL Hydrogen), a world-leading supplier of hydrogen production plants based on alkaline water electrolyser technology.

The company dates back to 1927, when Norsk Hydro developed large-scale electrolyser plants, providing hydrogen for use in ammonia production with fertiliser as the end-product. Since then, the electrolyser technology has been improved continuously, and NEL Hydrogen has accumulated unique experience and knowledge about hydrogen refuelling stations and power-to-gas systems.

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

Looking ahead, hydrogen will increasingly be utilised as an energy carrier, both to maximise the utilisation of renewable energy and, subsequently, as a sustainable fuel for zero-emission FCEVs. With the commercial

introduction of FCEVs already taking place, NEL Hydrogen intends to supply the hydrogen refuelling, energy storage and power-to-gas markets.

The water electrolyser market currently accounts for only a small fraction of the total hydrogen market, but is expected to grow significantly in the coming years, primarily driven by increased refuelling and energy storage demand. By 2020, 40% of renewable electricity is expected to take the form of wind and solar power. (Source: IEA.)

A number of energy storage projects have been initiated worldwide, and NEL Hydrogen expects this development to be a main driver of demand for hydrogen energy storage in the medium term. The sector has specific interest in NEL Hydrogen, because the market growth is making NEL Hydrogen's portfolio of large-scale products increasingly relevant.

NEL Hydrogen started commercial sales of electrolysers in the 1970s, and has sold more than 500 electrolyser units to a broad range of industries across Europe, South America, Africa and Asia. The company has production facilities in Notodden, Norway, and has a global reach through its in-house sales apparatus and extensive network of agents.

NEL Hydrogen's water electrolysis and atmospheric pressure technologies are considered world-class. The company's long experience in the electrolysis field and sustained research and development efforts over the past 89 years give it a unique technological platform.

The company's NEL A electrolysers are widely respected for their robustness, reliability and energy efficiency. The products set a benchmark for competitors. When the products' flexibility, ease-of-use, high capacity and safety record are added to the list, the solutions are simply unmatched.

A new technology to be commercialized is a new medium pressurized electrolyser, operating

at 50 Nm<sup>3</sup>/h. This pre-assembled solution will reduce time for installation and commissioning.

In addition, the company is developing the RotoLyzer<sup>®</sup>, a pressurized, compact electrolyser, which utilizes a vertical, rotating cell pack, providing full operational flexibility, while allowing for low production costs. This opens up new market segments for NEL, and provides an ideal solution for hydrogen refuelling stations where space is limited, or integration with renewable energy sources. The technology is patented and has been verified through extensive testing.

## Downstream

### *Production of hydrogen refuelling stations*

The Downstream division consists of H2 Logic A/S (H2 Logic), a leading manufacturer of H2Station<sup>®</sup> hydrogen refuelling stations that provides FCEVs with the same fast fuelling and long range as conventional vehicles today. Since incorporation in 2003, H2 Logic has invested significantly in R&D, bringing H2Station<sup>®</sup> to a level where products are offered to the early market for roll-out of larger networks of hydrogen refuelling stations.

Today, H2 Logic is one of few global leaders on fast refuelling for FCEVs. H2Station<sup>®</sup> technology is in operation in several European countries, providing hydrogen fuelling for fuel cell electric vehicles from major car manufacturers.

H2 Logic was among the first to achieve fast fuelling of hydrogen in compliance with the SAE J2601 standard required by the major car manufacturers. In Denmark, H2 Logic has delivered H2Station<sup>®</sup> technology for the entire Danish network of hydrogen fuelling stations, operated in collaboration with leading oil, energy and gas companies.

Aside from providing fast fuelling, H2Station<sup>®</sup> technology has a long proven track-record of reliable operation with more than 99% availability – one among the highest recorded in



the world for a scattered network of 24-hour public available hydrogen fuelling stations. The ambition is to keep this position and act as a preferred supplier of H2Station® for international infrastructure operators such as oil, energy and gas companies.

### Systems (to be established)

*System integration and project development, both electrolyzers and refuelling stations*

The Systems divisions will operate, maintain, own, and finance different hydrogen solutions. The focus going forward is on new markets, like California and Japan, but existing markets, like Germany and Scandinavia, also represent opportunities.

NEL has delivered the entire Danish network, the world's first country-wide network in daily operation. NEL services and operates the entire network, in collaboration with leading oil, energy and gas companies.

In Norway, NEL Fuel AS owns 49% of the joint venture, Uno-X Hydrogen AS, where partner, Uno-X, owns the remaining 51%. The joint venture will build a network of hydrogen refuelling stations, where fuel cell electric vehicles (FCEVs) can operate between all the major cities in Norway. The stations will be deployed in cities like Oslo, Bergen, Trondheim, Stavanger, Kristiansand, along with corresponding corridor locations. The target is that FCEVs can drive between the most populated cities in Norway within 2020.

## Developments

### Upstream

NEL Hydrogen continued to secure important sales contracts, a testament to the quality of the atmospheric NEL-A electrolyzers. However, the production and corresponding revenues in the first quarter were negatively impacted by the planned maintenance and production

optimisation programme at the Notodden facility.

NEL Hydrogen are progressing as planned with the commercialization of the RotoLyzer electrolyser, targeting a commercial unit of 10 Nm<sup>3</sup>/h by 2017, and a larger unit by 2018. In addition, the company is developing a pressurized electrolyser, which will be a containerized pre-assembled solution.

After the closing of the quarter, NEL Hydrogen and H2 Logic were awarded contracts of approximately NOK 25 million for the delivery of a hydrogen refuelling station with integrated on-site hydrogen production to Uno-X Hydrogen AS.

NEL also entered into a Letter of Intent with Meløy Energi AS and Meløy Næringsutvikling AS to establish Glomfjord Hydrogen AS, for the potential development of a large-scale, low-cost hydrogen production facility in Glomfjord Industrial Park in Meløy, Norway.

Glomfjord Hydrogen will be marketed as a hydrogen fuel provider for industrial applications, as well as personal- and public transportation, particularly focusing on supplying low-cost hydrogen to fossil fuel-converted ferries.

The available buildings and infrastructure at the industrial park provides flexibility and a scalable production model for Glomfjord Hydrogen. The facility will be developed in parallel with the increased demand, and is expected to have a production potential of up to 6000 kilograms of low-cost hydrogen per day.

In April 2016, NEL together with SINTEF, Statoil, Linde Kryotechnik, Mitsubishi Corporation, Kawasaki Heavy Industries, NTNU and The Institute of Applied Energy, among others, initiated the project "Hyper", a feasibility study of the potential for large scale hydrogen production in Norway for export to the European and Japanese markets.

Project Hyper is planned and financed throughout 2019. The total project cost is estimated at NOK 20 million. It is funded by a NOK 14 million grant from the Research Council of Norway (ENERGIX), in addition to the contributions from the project partners.

### Downstream

After the closing of the quarter, H2 Logic entered into a contract for the purchase of a facility in Herning, Denmark for the development of a new large-scale production plant for hydrogen refueling stations. The factory will have an annual capacity to manufacture hydrogen refuelling stations sufficient to support 200 000 new Fuel Cell Electric Vehicles (FCEV) annually.

With a total investment of NOK ~85 million, including contingency, NEL intends to convert the facility into a state-of-the-art volume production facility for refuelling stations based on lean manufacturing principles. When ramp-up and plant optimization is complete, the facility will have a name-plate production capacity of up to 300 refuelling stations per year. This will ensure further product improvements over time as well as other scale benefits.

H2 Logic also announced the launch of H2Station® CAR-200, a hydrogen refuelling station that triples the fuelling capacity, while reducing the footprint to one third of the current generation.

The CAR-200 builds on the operational legacy of the former CAR-100, which is used in multiple countries across Europe and has a documented high performance with better than 99 percent availability.

The new CAR-200 dispenser can be located up to 50 meters away, which enables flexible integration of hydrogen alongside other fuelling products, even at very compact sites. The new refuelling station can be supplied by centralized

hydrogen production delivered by truck, as well as onsite production of hydrogen, enabling NEL to deliver a complete solution to the customer.

Delivery of CAR-200 to the first customers will commence during the second half of 2016.

### Systems (to be established)

The company is establishing the Systems division to leverage on the market and sales opportunities across the NEL group.

NEL Fuel AS (NEL), a subsidiary of NEL ASA, and Uno-X entered into a final agreement for the rollout of minimum 20 hydrogen refuelling stations covering all the major cities in Norway within 2020. Following the agreement, NEL and Uno-X have established the joint venture Uno-X Hydrogen AS, owned by Uno-X and NEL with 51 % and 49 % respectively.

The joint venture will build a network of hydrogen refuelling stations with hydrogen production, so that fuel cell electric vehicles (FCEVs) can operate in and between all the major cities in Norway. The stations will be deployed in cities like Oslo, Bergen, Trondheim, Stavanger, Kristiansand, along with corresponding corridor locations.

Uno-X will be the main brand of the joint venture, whilst NEL will provide technology for hydrogen production and hydrogen refuelling stations.

In April, the joint venture announced the decision to build a hydrogen refuelling station with on-site hydrogen production co-located with Powerhouse Kjørbo, an energy-positive office building in Sandvika, Norway. This will be the world's first hydrogen station with an integrated solution, and represents an innovative example of the role hydrogen can play in grid balancing and utilization of renewable energy.

Kjørbo is centrally located in Sandvika outside of Oslo, by two of the busiest roads in Norway with 80 000 cars passing daily. The project has a total

budget of NOK 28.4 million, of which NOK 5.7 million is support from the Akershus County Council and NOK 7.7 million is from the Norwegian public enterprise, Enova, responsible for the promotion of environmentally friendly production and consumption of energy.

## Outlook

NEL is positioned at the forefront of the industry as a pure play company with a long track record:

- NEL has the most energy efficient electrolyzers, with robust and proven technology;
- Refuelling stations with the highest uptime and the lowest cost of ownership;
- Long list of new technology developments.

The strategic position of the company targets the key underlying megatrends for hydrogen: renewable electricity is becoming inexpensive, there is a growing need for energy storage

solutions, hydrogen cars are becoming increasingly inexpensive, and there is a high focus on zero emission transport.

For 2016, the company has the following key targets:

- Continue to capture market share, both upstream and downstream, with increased focus on renewable hydrogen production and energy storage;
- Execute the market penetration strategy for California, both upstream and downstream, and work together with selected partners or directly in the market;
- Launch the next generation refuelling station with standard modular design, ideal for industrial production, according to continuous improvement principles;
- Build the organization, align activities, and capture the synergies across NEL.

Oslo, 03 May 2016

The Board of Directors

Øystein Stray Spetalen

Board member

(Sign)

Martin Nes

Chairman

(Sign)

Anne Marie Gohli Russell

Board member

(Sign)

Eva Dugstad

Board member

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Jan Christian Opsahl

Board member

(Sign)

Kristin Hellebust

Board member

(Sign)

Mikael Sloth

Board member

(Sign)

Jon André Løkke

CEO

(Sign)

## Condensed interim financial statements

### Statement of comprehensive income (unaudited)

<b>PROFIT &amp; LOSS</b>	<b>2016</b>	<b>2015</b>	<b>2015</b>
<i>(figures in NOK thousands)</i>	Q1	Q1	Q1-Q4
<b>Operating Income</b>			
Sales income	21 823	0	88 539
Other operating income	4 187	17 597	11 386
<b>Total operating revenue</b>	<b>26 010</b>	<b>17 597</b>	<b>99 925</b>
<b>Operating expenses</b>			
Cost of goods sold	11 166	7 038	42 116
<b>Total cost of goods sold</b>	<b>11 166</b>	<b>7 038</b>	<b>42 116</b>
<b>Operating costs</b>			
Wages and social costs	13 979	4 481	29 891
Depreciation physical fixed assets	713	3 554	2 818
Depreciation intangible assets	1 737		12 694
Write-down physical fixed assets	0		52
Other operating costs	8 485	4 574	30 613
<b>Total other operating costs</b>	<b>24 913</b>	<b>12 610</b>	<b>76 068</b>
<b>Total operating costs</b>	<b>36 080</b>	<b>19 648</b>	<b>118 184</b>
<b>Operating profit (loss)</b>	<b>-10 070</b>	<b>-2 051</b>	<b>-18 259</b>
Financial income	970	760	5 185
Financial expenses	404	280	1 420
Share of profit and loss associate and joint venture	-617	0	-13 286
<b>Net financial income/expense</b>	<b>-51</b>	<b>480</b>	<b>-9 521</b>
<b>Profit (loss) before taxes</b>	<b>-10 121</b>	<b>-1 571</b>	<b>-27 780</b>
Tax costs	-376	-932	-6 049
<b>NET PROFIT (LOSS)</b>	<b>-9 746</b>	<b>-639</b>	<b>-21 731</b>
<i>Items that may subsequently be reclassified to profit or loss</i>			
Currency translation differences	-6 167		20 220
<b>Other comprehensive income</b>	<b>-6 167</b>	<b>0</b>	<b>20 220</b>
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>-15 913</b>	<b>-639</b>	<b>-1 511</b>
<b>Net profit per share</b> <i>(figures in NOK)</i>	3	<b>-0.01</b>	<b>0.00</b>
			<b>-0.04</b>



**Statement of financial position (unaudited)**

<b>BALANCE SHEET</b> <i>(figures in NOK thousands)</i>	<b>Note</b>	<b>2016</b> Q1	<b>2015</b> Q1	<b>2015</b> Year end
<b>ASSETS</b>				
<b>Intangible assets</b>				
Technology		48 156	8 550	46 645
Customer relationship		30 621	31 350	31 569
Customer contracts		0	4 800	
Development expenses		0	99	0
Goodwill		326 768	60 799	332 958
<b>Total intangible assets</b>		<b>405 545</b>	<b>105 598</b>	<b>411 172</b>
<b>Land, buildings and real estate</b>				
Land, buildings and real estate		15 598	3 856	15 829
<b>Total land, buildings and real estate</b>		<b>15 598</b>	<b>3 856</b>	<b>15 829</b>
<b>Other fixed assets</b>				
Fixtures and fittings, tools, etc.		962	1 106	700
<b>Total other fixed assets</b>		<b>962</b>	<b>1 106</b>	<b>700</b>
<b>Financial fixed assets</b>				
Financial fixed assets		6 544	263	7 297
<b>Total financial fixed assets</b>		<b>6 544</b>	<b>263</b>	<b>7 297</b>
<b>Total fixed assets</b>		<b>428 649</b>	<b>110 823</b>	<b>434 998</b>
<b>Current assets</b>				
Inventories		20 280	8 839	15 023
Trade receivables		20 839	22 887	40 361
Other receivables		20 801	3 395	10 717
Financial current assets		1 507	0	1 507
Cash and cash equivalents		288 993	164 479	313 042
<b>Total current assets</b>		<b>352 420</b>	<b>199 599</b>	<b>380 650</b>
<b>TOTAL ASSETS</b>		<b>781 069</b>	<b>310 422</b>	<b>815 649</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Share capital		136 120	79 786	136 120
Share premium/Other paid equity		602 410	190 931	602 910
Retained earnings		-23 935	-639	-8 022
<b>Total equity</b>		<b>714 595</b>	<b>270 078</b>	<b>731 008</b>
Non-controlling interests' share		0		
<b>Provisions</b>				
Deferred tax liability		20 456	15 052	21 027
<b>Total provisions</b>		<b>20 456</b>	<b>15 052</b>	<b>21 027</b>
<b>Other long term liabilities</b>				
Other long term liabilities		14 568	7 318	14 641
<b>Total other long term liabilities</b>		<b>14 568</b>	<b>7 318</b>	<b>14 641</b>
<b>Liabilities</b>				
Accounts payable		6 592	2 210	16 760
Tax payable		383	0	375
Social security, VAT etc. payable		1 003	706	3 185
Dividends payable		0	0	0
Other current liabilities		23 471	15 059	28 652
<b>Total current liabilities</b>		<b>31 449</b>	<b>17 975</b>	<b>48 972</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>781 069</b>	<b>310 422</b>	<b>815 649</b>

## Statement of changes in equity (unaudited)

Statement of changes in Equity and Number of Shares:							
<i>(figures in NOK/numbers)</i>	Share capital	Share premium	Other reserves	Curr. conv. effects	Other equity	Total equity	Number of shares
<b>As at 1st January 2014</b>	<b>1 632</b>	<b>45 016</b>	<b>-310</b>		<b>-37 662</b>	<b>8 675</b>	<b>8 159 873</b>
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 15.4.2014	20 000	30 000				50 000	100 000 000
Increase of capital 20.10.2014	35 385	79 615				115 000	176 923 077
Increase of capital 13.11.2014	10 769	24 231				35 000	53 846 154
Consideration					1 200	1 200	
Comprehensive income 1.1.-31.12.2014					-6 511	-6 511	
<b>As at 31th December 2014</b>	<b>67 786</b>	<b>135 548</b>	<b>0</b>		<b>-7 396</b>	<b>195 938</b>	<b>338 929 104</b>
						0	
Transaction cost		-3 220				-3 220	
Increase of capital 12.01.2015	10 000	55 000				65 000	50 000 000
Increase of capital 02.02.2015	2 000	11 000				13 000	10 000 000
Comprehensive income 1.1.-31.3.2015					-639	-639	
<b>As at 31st March 2015</b>	<b>79 786</b>	<b>198 328</b>	<b>0</b>		<b>-8 035</b>	<b>270 078</b>	<b>398 929 104</b>
Increase of capital 12.06.2015	10 260	58 997				69 258	51 301 852
Increase of capital 26.06.2015	29 630	170 370				200 000	148 148 148
Transaction costs rel. To Increase of capital Q2		-4 321				-4 321	
Comprehensive income Q2 2015					-7 641	-7 641	
<b>As at 30th June 2015</b>	<b>119 676</b>	<b>423 374</b>	<b>0</b>		<b>-15 676</b>	<b>527 374</b>	<b>598 379 104</b>
Increase of capital 14.7.2015	4 444	25 556				30 000	22 222 222
Increase of capital 19.8.2015	6 000	61 500				67 500	30 000 000
Transaction costs rel. To Increase of capital Q3		-6 573				-6 573	
Net profit Q3 2015					-720	-720	
Currency translation differences Q3 2015				3 918		3 918	
<b>As at 30th September 2015</b>	<b>130 120</b>	<b>503 857</b>	<b>0</b>	<b>3 918</b>	<b>-16 396</b>	<b>621 499</b>	<b>650 601 326</b>
Increase of capital 17 December 2015	6 000	105 000				111 000	30 000 000
Transaction costs rel. To Increase of capital Q4		-4 457				-4 457	
Shares owned by company		-2 085			2 085	0	
Consideration			1 200		-1 200	0	
Gain sale shares owned by company		-605				-605	
Net profit Q4 2015					-12 730	-12 730	
Currency translation differences Q4 2015				16 301		16 301	
<b>As at 31st December 2015</b>	<b>136 120</b>	<b>601 710</b>	<b>1 200</b>	<b>20 220</b>	<b>-28 241</b>	<b>731 008</b>	<b>680 601 326</b>
Transaction costs rel. increase in capital Q4		-500				-500	
Net profit Q1 2016					-9 746	-9 746	
Currency translation differences Q1 2016				-6 167		-6 167	
<b>As at 31st March 2016</b>	<b>136 120</b>	<b>601 210</b>	<b>1 200</b>	<b>14 052</b>	<b>-37 987</b>	<b>714 595</b>	<b>680 601 326</b>

**Statement of cash flow (unaudited)**

<b>CASH FLOW STATEMENT</b> <i>(figures in NOK thousands)</i>	<b>Note</b>	<b>2016</b> Q1	<b>2015</b> Q1	<b>2015</b> Q1-Q4
<b>Cash flow from operating activities</b>				
Pre-tax profit (loss)		-10 121	-1 571	-27 780
Interest costs, reversed		-699		-503
Interests income, reversed		154		-2 303
Ordinary depreciation		2 450	3 554	15 512
Impairment of fixed assets		0	0	52
Change in provisions		292		-1 168
Change in inventories		-5 257		-1 392
Change in trade receivables		19 522		-20 972
Change in trade payables		-10 168		5 547
Change in other short-term receivables and other short-term liabilities		-17 448	-2 806	-4 803
<i>Net cash flow from operating activities</i>		<i>-21 275</i>	<i>-823</i>	<i>-37 809</i>
<b>Cash flow from investment activities</b>				
Proceeds from sale of fixed assets		0	0	0
Acquisitions of fixed assets		-552	-99	-581
Acquisition of intangible assets		-2 325	0	0
Acquisitions of subsidiaries / financial fixed assets		0		-83 182
Proceeds from sale of subsidiaries		0		
<i>Net cash flow from investing activities</i>		<i>-2 878</i>	<i>-99</i>	<i>-83 763</i>
<b>Cash flow from financing activities</b>				
Interest paid		699		472
Interest received		-154		2 303
Gross cash flow from share issues				355 758
Transaction costs connected to share issues		-500		-18 571
Proceeds from new loan		413		1 118
Payment of long term liabilities		-311	-260	-4 962
<i>Net cash flow from financing activities</i>		<i>102</i>	<i>-260</i>	<i>336 118</i>
<i>Net change in cash and cash equivalents</i>		<i>-24 050</i>	<i>-1 182</i>	<i>214 546</i>
<b>Cash and cash equivalents</b>		<b>288 992</b>	<b>164 479</b>	<b>313 043</b>

## 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 2015 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 refuelling 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)

<i>(figures in NOK million)</i>	2016 Q1	2015 Full year
Total operating revenue	7.8	60.1
Total operating cost	11.6	57.2
Operating profit	-3.8	2.9
Net Financial income (expenditure)	-0.1	0.2
Pre- tax profit (loss)	-4.0	3.1

### 4. H2 Logic A/S

H2 Logic A/S is a leading manufacturer of H2Station® hydrogen refuelling stations that provides fuel cell electric vehicles with the same fast refuelling and long range as conventional vehicles today. H2Station® technology is used on a daily basis across Europe for refuelling of vehicles from leading international car manufacturers. The company’s production facility is located in Herning, Denmark. NEL ASA holds 100% of the shares in H2 Logic A/S.



**H2 Logic A/S (unaudited)**

	2016	2015
<i>(figures in NOK million)</i>	Q1	Q3-Q4
Total operating revenue	18.8	41.0
Total operating cost	19.5	35.1
Operating profit	-0.7	5.9
Net Financial income (expenditure)	-0.6	-12.5
Pre- tax profit (loss)	-1.3	-6.6

H2 Logic A/S was acquired by NEL ASA at the end of Q2 2015. Measured from the transaction date total profit related to H2 Logic included in the consolidated statement of comprehensive income in the first and second quarters 2015 amounts to zero.

**5. Goodwill**

The table below shows the movement in goodwill during Q1 2016.

	Amount (NOKm)	
	2016	2015
	Q1	Full year
Goodwill as of 1 January	333.0	60.8
Acquisition of H2 Logic 2015		256.5
Other acquisitions in 2015		0.6
Currency translation differences	(6.2)	15.1
Goodwill as of 31 March/31 December	326.8	333.0

**6. Related party transactions**

NEL ASA has paid MNOK 0,6 in management fees to Ferncliff in the period.



**NEL ASA**

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