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Nel ASA

Interim report

Highlights of the quarter

- Nel ASA (Nel) reported revenues in the second quarter of NOK 13.5 million, reflecting the fluctuating nature of Nel's project business, as well as initiation of certain projects being postponed to the second half of 2016.
- Operating earnings impacted by the high activity level within business development in new markets, investments, and preparation for production ramp-up.
- The cash balance at the end of the quarter was NOK 265.9 million (Q2 2015: 152.2)
- Launched the H2Station® CAR-200, a hydrogen fueling station that triples the fueling capacity, while reducing the footprint to one third of the current generation
- Announced plan for NOK 85 million facility for station production in Herning, Denmark.
- Announced the establishment of Nel Hydrogen Solutions, to enhance market opportunities across the group, extended the management group, and announced Bent Skisaker as new CFO from 1 September.
- Awarded hydrogen fueling station contract in Sweden and a contract for delivery of first station with integrated production to Uno-X Hydrogen.
- Partnered with Praxair for Norwegian hydrogen fueling station showcase.
- Entered into Letter of Intent to establish a large-scale, low-cost hydrogen production facility in Glomfjord Industrial Park in Meløy, Norway.
- Partnered with GREENSTAT for the development of large- and small scale hydrogen production facilities in Norway.

Subsequent events:

- Announced sale of two new CAR-200 stations to undisclosed European customer, and that production of new generation fueling station has been initiated.
- Launched two new containerised, turn-key electrolyzers.

Key figures

	2016	2015	2016	2015	2015
<i>(Unaudited figures NOK million)</i>	Q2	Q2	YTD	YTD	Full year
Operational revenue	13.5	16.0	39.5	33.6	99.9
Total operating cost	29.9	24.9	66.0	44.6	118.2
EBITDA	-14.0	-5.3	-21.6	-3.8	-2.7
EBIT	-16.5	-9.0	-26.6	-11.0	-18.3
Pre-tax profit	-16.0	-8.6	-26.1	-10.1	-27.8
Net profit	-15.6	-7.6	-25.3	-8.3	-21.7
Net cash flow from operating activities	-24.2	-1.5	-45.6	-7.9	-37.8
Cash balance end of period	265.9	152.2	265.9	152.2	313.0

Financial development

Nel reported revenues in the second quarter of NOK 13.5 million, reflecting the fluctuating nature of the company's project business, as well as initiation of certain projects being postponed to the second half of 2016. Operating earnings impacted by the high activity level within business development in new markets, investments, and preparation for production ramp-up.

The underlying project development pipeline is strong, and the company experiences a high activity level for its prospects and ongoing tender processes.

EBIT was negative NOK 16.5 million (-9.0), including NOK 2.5 million in depreciation of physical and intangible assets. Net loss for the quarter was NOK 15.6 million, compared to a loss of NOK 7.6 million in the same quarter last year.

Total assets were NOK 773.3 million at the end of the second quarter 2016, compared to NOK 815.6 million at the end of 2015. Total equity was NOK 704.3 million. Thus, the equity ratio was 91 percent.

Net cash flow from operating activities in the second quarter 2016 was negative NOK 24.2 million, compared to negative NOK 1.5 million in the same quarter last year. Net cash flow from investment activities was negative NOK 8.6 million (-75.4). Net cash flow from financing activities was NOK 9.7 million, compared to NOK 64.7 million in the corresponding quarter last year. Nel's cash balance at the end of the second quarter was NOK 265.9 million, up from NOK 152.2 million at the end of the second quarter in 2015.

In the first half year of 2016, Nel reported revenues of NOK 39.5 million (1H 2015: 33.6) and a negative EBITDA of NOK 21.6 million (-3.8). EBIT was negative NOK 26.6 million (-11.0). Net loss for the period was NOK 25.3 million, compared to a loss of NOK 8.3 million in the first half of 2015.

Net cash flow from operating activities in the first half of 2016 was negative NOK 45.6 million, compared to negative NOK 7.9 million in the same period last year. Net cash flow from investment activities was negative NOK 11.5 million (-75.5). Net cash flow from financing activities was NOK 9.9 million, compared to NOK 139.2 million in the corresponding period last year.

Strategy

Nel is a global, dedicated hydrogen company, delivering optimal solutions to produce, store and distribute hydrogen from renewable energy. The company serves industries, energy and gas companies with leading hydrogen technology. Since its foundation in 1927, Nel has a proud history of development and continual improvement of hydrogen plants. Our hydrogen solutions cover the entire value chain from hydrogen production technologies to manufacturing of hydrogen fueling stations, providing all fuel cell electric vehicles with the same fast fueling and long range as conventional vehicles today.

The company has three divisions, covering the entire hydrogen value chain: Nel Hydrogen Electrolyser, Nel Hydrogen Fueling, and Nel Hydrogen Solutions.

Nel Hydrogen Electrolyser

Production of electrolysers for hydrogen production

Nel Hydrogen Electrolyser is 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 Electrolyser has accumulated unique experience and knowledge about hydrogen fueling 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 Electrolyser intends to supply the hydrogen fueling, 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 fueling and energy storage demand. By 2020, 40 percent 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 Electrolyser 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 Electrolyser,

because the market growth is making Nel Hydrogen Electrolyser's portfolio of large-scale products increasingly relevant.

Nel Hydrogen Electrolyser started commercial sales of electrolyzers 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 Electrolyser'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 electrolyzers 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 commercialised is the containerised solution pre-assembled before delivery. This pre-assembled solution will reduce time for installation and commissioning.

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

Nel Hydrogen Fueling

Production of hydrogen fueling stations

Nel Hydrogen Fueling (former H2 Logic) is a leading manufacturer of H2Station® hydrogen fueling stations that provides FCEVs with the same fast fueling and long range as conventional vehicles today. Since incorporation in 2003, Nel Hydrogen Fueling has invested significantly in R&D, bringing H2Station® to a level where products are offered to the early market for roll-out of larger networks of hydrogen fueling stations.

Today, Nel Hydrogen Fueling is one of few global leaders on fast fueling for FCEVs. H2Station® technology is in operation in several European countries, providing hydrogen fueling for fuel cell electric vehicles from major car manufacturers.

Nel Hydrogen Fueling was among the first to achieve fast fueling of hydrogen in compliance with the SAE J2601 standard required by the major car manufacturers. In Denmark, Nel Hydrogen Fueling has delivered H2Station® technology for the entire Danish network of

hydrogen fueling stations, operated in collaboration with leading oil, energy and gas companies.

Aside from providing fast fueling, H2Station® technology has a long proven track-record of reliable operation with more than 99 percent availability – one among the highest recorded in the world for a scattered network of 24-hour public available hydrogen fueling 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.

Nel Hydrogen Solutions

Established to utilise market opportunities across the Nel group

NEL Hydrogen Solution offers efficient system integration, project development and sales across segments and is the only provider of integrated solutions along the entire value chain:

- **Hydrogen fueling networks.** There is a growing demand for hydrogen fueling networks, following the introduction of commercial Fuel Cell Electrical Vehicles from leading car manufacturers. Nel has the technology and experience to efficiently build several renewable hydrogen fueling networks.
- **Renewable hydrogen.** Nel offers a complete turnkey hydrogen production and fueling solution. Starting from 100kg/day and larger, Nel provide the solution that suits your needs. H2Station® combining fueling of cars, busses and trucks, will help grow business and grant fast return on investment for station owner. Nel provides turn-key installation, offering multiple operation and maintenance services for our customers.
- **Storage solutions.** Hydrogen will play a major part in the future energy society, as intermediate energy storage in renewable energy systems. Nel's high performance, scalable electrolyser technology stores surplus energy from solar and wind power, allowing energy suppliers stable and flexible delivery of electricity. When required, Nel also integrate equipment components from other leading global suppliers, into your customised Nel solution

Nel Hydrogen Solutions aims to be the preferred business partner for the hydrogen industry in California, Japan and Germany for the development of hydrogen solutions across the value chain, from hydrogen fueling stations networks to large-scale renewable hydrogen production plants. Nel Hydrogen Solutions leverages on the experience from delivering and operating the entire Danish hydrogen network, in collaboration with leading oil-, energy- and gas companies.

Nel Hydrogen Solutions will also be responsible for the deployment of equipment to Uno-X Hydrogen and the building of a network of hydrogen fueling stations that will enable fuel cell electric vehicles to operate between all the major cities in Norway within 2020.

Developments

Nel ASA

Bent Skisaker was appointed Chief Financial Officer of Nel with effect from 1 September 2016. Skisaker comes from a position as Chief Financial Officer (CFO) of Eureka Pumps and has more than ten years' experience as CFO in various companies in the Aker Group. Skisaker has also served eight years as an auditor and financial advisor at Ernst & Young/Arthur Andersen.

Skisaker holds a Master in Accounting and Auditing from the Norwegian School of Economics (NHH), a B.A. of Business Organisation from Heriot-Watt University, and is qualified as a State Authorised Public Accountant in Norway.

Skisaker succeeds CFO Lars Christian Stugaard, who has served as both interim CEO and CFO in Nel. In the related stock exchange announcement, CEO Jon André Løkke commented: "He has played an important role in the development of the company, following the road from inception as a listed company to where Nel stands today. Lars Christian will continue to support Nel during the transition phase and I would like to thank him for his dedication and great efforts to Nel".

Nel Hydrogen Electrolyser

Nel Hydrogen Electrolyser has continued the development of a turn-key, containerised solution, pre-assembled before delivery. The new offering will bring reduced time for installation and commissioning.

In addition, the company initiated the work to install a pressurised electrolyser to the hydrogen fueling station with integrated on-site hydrogen production at Kjørbo in Norway. The fueling station is build and operated by Uno-X Hydrogen AS.

Nel Hydrogen Electrolyser is progressing as planned with the commercialisation of the RotoLyzer® electrolyser, targeting a commercial unit of 10 Nm³/h by 2017, and a larger unit by 2018.

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 6,000 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.

Nel Hydrogen Fueling

Nel Hydrogen Fueling announced the launch of H2Station® CAR-200, a hydrogen fueling station that triples the fueling 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 fueling products, even at very compact sites. The new fueling station can be supplied by centralised 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 and the company has initiated the development of the next generation fueling stations beyond CAR-200.

Nel Hydrogen Fueling also 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 fueling stations. The factory will have an annual capacity to manufacture hydrogen fueling 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 fueling stations based on lean

manufacturing principles. When ramp-up and plant optimisation is complete, the facility will have a name-plate production capacity of up to 300 fueling stations per year. This will ensure further product improvements over time as well as other scale benefits.

Nel Hydrogen Solutions

Uno-X Hydrogen AS, a Nel joint venture, entered into an agreement with a Norwegian affiliate of Praxair, a leading global industrial gas company, as a strategic alliance to install 20 hydrogen fueling stations, covering all the major cities in Norway by 2020.

As part of the agreement, Praxair's Norwegian affiliate will acquire a 20 percent ownership interest in the joint venture. Praxair is a global hydrogen supplier and Nel sees the Norwegian rollout as a global showcase for the future development of hydrogen networks in other key countries, like the US, Germany and Japan.

Following the agreement, Praxair's Norwegian affiliate will hold 20 percent of Uno-X Hydrogen, with Uno-X Gruppen and Nel holding 41 percent and 39 percent respectively. The joint venture will build a network of hydrogen fueling stations with hydrogen production, allowing fuel cell electric vehicles (FCEVs) to operate in and between all the major cities in Norway. The stations will be deployed in cities like Oslo, Bergen, Trondheim, Stavanger, and Kristiansand, along with corresponding corridor locations.

The joint venture will identify and develop the production infrastructure necessary to support a Norwegian network of fueling stations. Nel believe that working closely with gas and oil companies, like the company has done in Denmark and are now doing in Norway, is a recipe that can be successfully replicated around the globe.

In April, the joint venture announced the decision to build a hydrogen fueling 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 utilisation 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.

In Norway, the new Norwegian energy bill changes the hydrogen policies and the political consensus. The earlier project-based focus is now expected to shift to towards a network roll-out model from early 2017, which reduces the political uncertainty.

In Sweden, Nel Hydrogen Solutions entered into an agreement with the City of Mariestad for the sale and construction of a H2Station®. The hydrogen fueling station will be located in the

strategic Gothenburg-Stockholm corridor, and will complete the last leg in connecting the Scandinavian capitals.

The project includes a turn-key installation of a H2Station® including services and maintenance and will be owned by the City of Mariestad. The agreement has a contract value exceeding EUR 1 million and will be delivered in the fourth quarter of 2016. The hydrogen fueling station in Mariestad is part of the EUR 100 million H2ME-2 project, co-funded with EUR 35 million from the Fuel Cells and Hydrogen Joint Undertaking, a public private partnership supporting fuel cell and hydrogen energy technologies in Europe.

In California, the Energy Commission doubled the Grant Funding Opportunity (GFO) to USD 33 million, targeting to reach 100 hydrogen fueling stations by 2020. Nel submitted its tender 19 August, with the allocation expected during the fourth quarter of 2016.

Nel's leading hydrogen technology brings the company to the forefront in offering solutions to other companies tendering for the GFO. Consequently, Nel has both a direct and an indirect market approach to hedge the market entry. California also represents an opportunity within hydrogen production, as 33 percent of the hydrogen must be renewable, compared with today's situation with no renewable hydrogen available on the market.

Risks and uncertainty factors

Nel is exposed to risk and uncertainty factors, which may affect some or all of the company's activities. Nel has financial risk, market risk as well as operational risk and risk related to the current and future products. There are no significant changes in the risks and uncertainty factors compared to the descriptions in the Annual Report for 2015.

Other

In addition to the activities related to hydrogen, Nel continues to evaluate opportunities for its former healthcare business, including, but not limited to, possible mergers, acquisitions and strategic partnerships.

Outlook

Nel is at the forefront of the hydrogen industry as a pure play company with market leading technology, a strong management team, a solid balance sheet and is positioned to play a leading role in a fast moving industry. The company has the following upcoming news flow and outlook for its segments:

Nel Hydrogen Electrolyser

- All time high level of sales leads, both in traditional and new markets
- Strong pipeline, expect to close traditional sales to industrial market in H2'16
- Strong interest in new containerised turn-key solution, expect to secure contracts in H2'16

Nel Hydrogen Fueling

- Have started the production of CAR-200 in August, expect to begin delivery in H2'16
- New Herning facility on budget and schedule. Investment activities expected in connection with take over and plant rebuild, amounting to NOK 35-40 million in H2'16
- Continuing technology development, expected to become an integrated part of future generation fueling stations

Nel Hydrogen Solutions

- Opportunities within integrated renewable hydrogen production and fueling stations.
- California: Leading hydrogen technology brings Nel to the forefront in offering solutions both directly and indirectly to partners. 2016 allocation under governmental hydrogen program expected in Q4'16
- Norway: Roll-out expected to start in 2017 following new energy bill
- Japan: First commercial sale of CAR-100 MKK-model before year-end 2016, evaluating new partner for both electrolysers and new fueling station generations

Subsequent events

- Announced sale of two new CAR-200 stations to undisclosed European customer, and that production of new generation fueling station has been initiated.
- Launched two new containerised, turn-key electrolysers.

Responsibility statement

We confirm to the best of our belief that the financial statements for the first half of 2016, which have been prepared in accordance with IAS 34 – Interim Reporting, give a true and fair view of the company's assets, liabilities, financial position and results of operation.

Oslo, 24 August 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

(Sign)

Jan Christian Opsahl

Board member

(Sign)

Kristin Hellebust

Board member

(Sign)

Mogens Filtenborg

Board member

(Sign)

Jon André Løkke

CEO

(Sign)

Condensed interim financial statements

Statement of comprehensive income (unaudited)

PROFIT & LOSS <i>(figures in NOK thousands)</i>	2016 Q2	2015 Q2	2016 Q1-Q2	2015 Q1-Q2	2015 Q1-Q4
Operating Income					
Sales income	11 772	15 973	33 595	33 570	88 539
Other operating income	1 697	-11	5 884	-11	11 386
Total operating revenue	13 469	15 962	39 479	33 559	99 925
Operating expenses					
Cost of goods sold	4 632	6 928	15 799	13 965	42 116
Total cost of goods sold	4 632	6 928	15 799	13 965	42 116
Operating costs					
Wages and social costs	11 932	4 482	25 911	8 963	29 891
Depreciation physical fixed assets	759	184	1 472	288	2 818
Depreciation intangible assets	1 725	3 450	3 462	6 900	12 694
Write-down physical fixed assets	0		0		52
Other operating costs	10 902	9 884	19 386	14 459	30 613
Total other operating costs	25 317	17 999	50 231	30 609	76 068
Total operating costs	29 949	24 927	66 029	44 575	118 184
Operating profit (loss)	-16 480	-8 965	-26 550	-11 016	-18 259
Financial income	811	814	1 781	1 574	5 185
Financial expenses	306	421	710	701	1 420
Share of profit and loss associate and joint venture		6		-611	
Net financial income/expense	511	393	460	873	-9 521
Profit (loss) before taxes	-15 969	-8 572	-26 090	-10 143	-27 780
Tax costs	-404	-932	-779	-1 863	-6 049
NET PROFIT (LOSS)	-15 565	-7 641	-25 311	-8 280	-21 731
<i>Items that may subsequently be reclassified to profit or loss</i>					
Currency translation differences	-2 324		-8 491		20 220
Other comprehensive income	-2 324	0	-8 491	0	20 220
TOTAL COMPREHENSIVE INCOME	-17 889	-7 641	-33 802	-8 280	-1 511
Net profit per share (figures in NOK)	-0,02	-0,02	-0,04	-0,02	-0,04

Statement of financial position (unaudited)

BALANCE SHEET	2016	2015	2015
<i>(figures in NOK thousands)</i>	Q2	Q2	Year end
ASSETS			
Intangible assets			
Technology	54 745	29 939	46 645
Customer relationship	29 700	33 195	31 569
Customer contracts	0	2 400	
Development expenses	0	5 123	0
Goodwill	323 979	323 491	332 958
Total intangible assets	408 424	394 148	411 172
Land, buildings and real estate			
Land, buildings and real estate	17 063	14 969	15 829
Total land, buildings and real estate	17 063	14 969	15 829
Other fixed assets			
Fixtures and fittings, tools, etc.	897	1 039	700
Total other fixed assets	897	1 039	700
Financial fixed assets			
Financial fixed assets	6 676	7 026	7 297
Total financial fixed assets	6 676	7 026	7 297
Total fixed assets	433 061	417 182	434 998
Current assets			
Inventories	23 996	17 412	15 023
Trade receivables	23 756	19 007	40 361
Other receivables	25 141	6 535	10 717
Financial current assets	1 507	2 068	1 507
Cash and cash equivalents	265 858	152 228	313 042
Total current assets	340 258	197 250	380 650
TOTAL ASSETS	773 319	614 432	815 649
EQUITY AND LIABILITIES			
Equity			
Share capital	136 736	119 676	136 120
Share premium/Other paid equity	609 413	423 374	602 910
Retained earnings	-41 824	-16 254	-8 022
Total equity	704 325	526 796	731 008
Non-controlling interests' share	0	578	
Provisions			
Deferred tax liability	19 964	21 941	21 027
Total provisions	19 964	21 941	21 027
Other long term liabilities			
Other long term liabilities	16 103	17 167	14 641
Total other long term liabilities	16 103	17 167	14 641
Liabilities			
Accounts payable	4 796	22 735	16 760
Tax payable	379	1 018	375
Social security, VAT etc. payable	1 885	227	3 185
Dividends payable	0	0	0
Other current liabilities	25 867	23 970	28 652
Total current liabilities	32 927	47 950	48 972
TOTAL EQUITY AND LIABILITIES	773 319	614 432	815 649

Statement of changes in equity (unaudited)

Statement of changes in Equity and Number of Shares: <i>(figures in NOK/numbers)</i>	Note	Share capital	Share premium	Other reserves	Curr. conv. effects	Other equity	Total equity
As at 1st January 2014		1 632	45 016	-310		-37 662	8 675
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		20 000	30 000				50 000
Increase of capital 20.10.14		35 385	79 615				115 000
Increase of capital 13.11.14		10 769	24 231				35 000
Consideration						1 200	1 200
Comprehensive income 1.1.-31.12.2014						-6 511	-6 511
As at 31th December 2014		67 786	135 548	0		-7 396	195 938
							0
Transaction cost			-3 220				-3 220
Increase of capital 12.01.2014		10 000	55 000				65 000
Increase of capital 02.02.2014		2 000	11 000				13 000
Comprehensive income 1.1.-31.3.2015						-639	-639
As at 31st March 2015		79 786	198 328	0		-8 035	270 078
Increase of capital 12.06.2015		10 260	58 997				69 258
Increase of capital 26.06.2015		29 630	170 370				200 000
Transaction costs rel. To Increase of capital Q2			-4 321				-4 321
Comprehensive income Q2 2015						-7 641	-7 641
As at 30th June 2015		119 676	423 374	0		-15 676	527 374
Increase of capital 14.7.2015		4 444	25 556				30 000
Increase of capital 19.8.2015		6 000	61 500				67 500
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
As at 30th September 2015		130 120	503 857	0	3 918	-16 396	621 499
Increase of capital 17 December 2015		6 000	105 000				111 000
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
As at 31st December 2015		136 120	601 710	1 200	20 220	-28 241	731 008
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
As at 31st March 2016		136 120	601 210	1 200	14 052	-37 987	714 595
Increase of capital 16.6.16		616	7 003				7 619
Net profit Q1 2016						-15 565	-15 565
Currency translation differences Q2 2016					-2 324		-2 324
As at 30 June 2016		136 736	608 213	1 200	11 728	-53 552	704 325

Statement of cash flow (unaudited)

CASH FLOW STATEMENT	Note	2016	2015	2016	2015	2015
<i>(figures in NOK thousands)</i>		Q2	Q2	Q1-Q2	Q1-Q2	Q1-Q4
Cash flow from operating activities						
Pre-tax profit (loss)		-15 969	-8 572	-26 090	-5 016	-27 780
Interest costs, reversed		-649		-1 348		-503
Interests income, reversed		189		343		-2 303
Ordinary depreciation		2 484	3 634	4 934	235	15 512
Impairment of fixed assets		0	0	0	100	52
Change in provisions		-801		-554		-1 168
Change in inventories		-3 716		-8 973		-1 392
Change in trade receivables		-2 917		16 605		-20 972
Change in trade payables		-1 795		-11 963		5 547
Change in other short-term receivables and other short-term liabilities		-1 061	3 454	-18 509	-3 264	-4 803
<i>Net cash flow from operating activities</i>		-24 237	-1 485	-45 556	-7 945	-37 809
Cash flow from investment activities						
Proceeds from sale of fixed assets		0	0	0		0
Acquisitions of fixed assets		-1 795	-259	-2 347	-358	-581
Acquisition of intangible assets		-6 643	0	-8 969		0
Acquisitions of subsidiaries / financial fixed assets		-200	-75 185	-200	-75 185	-83 182
Proceeds from sale of subsidiaries		15		15		
<i>Net cash flow from investing activities</i>		-8 623	-75 443	-11 501	-75 542	-83 763
Cash flow from financing activities						
Interest paid		649		1 348		472
Interest received		-189		-343		2 303
Gross cash flow from share issues		7 619	64 937	7 619	139 717	355 758
Transaction costs connected to share issues				-500		-18 571
Proceeds from new loan		1 955		2 368		1 118
Payment of long term liabilities		-309	-260	-619	-519	-4 962
<i>Net cash flow from financing activities</i>		9 725	64 677	9 873	139 197	336 118
<i>Net change in cash and cash equivalents</i>		-23 134	-12 251	-47 184	53 730	214 546
Cash and cash equivalents		265 858	152 228	265 858	152 228	313 043

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. Goodwill

The table below shows the movement in goodwill during Q2 2016.

	Amount (NOKm)	
	2016 Q2	2015 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	(9,0)	15,1
<hr/>		
Goodwill as of 30 June/31 December	324,0	333,0

4. Related party transaction

Nel ASA has paid NOK 0.6 million in management fees to Ferncliff in the period.

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