

THIRD QUARTER REPORT 2014



Overview

Highlights third quarter 2014

- In September, DiaGenic ASA (the Company) signed a letter of intent to acquire the shares of New NEL Hydrogen Holding AS (NEL Hydrogen).
- The Company reported a net loss of NOK 0.48 million for the quarter.
- At 30 September, the net cash balance was NOK 50.5 million

Key events since third quarter 2014

- On 8 October, the Company acquired 100% of the shares in NEL Hydrogen for a total consideration of NOK 120 million.
- The acquisition represented a change in strategic direction for the Company to include a new business area. The existing pharmaceutical activities of the Company will remain as a separate business area within NEL ASA.
- On 10 October, the Company raised NOK 35 million in gross proceeds through a Private Placement of 53,846,154 new shares, each with a par value of NOK 0.20, at a price of NOK 0.65 per share.
- On 21 October, the Company changed the company name to NEL ASA and the Company was quoted on Oslo Børs with the new name NEL ASA, and new ticker NEL.
- On 5 November, NEL ASA issued 53,846,154 new shares at a subscription price of NOK 0.65 per share in a Rights Issue. The oversubscribed Rights Issue resulted in gross proceeds of approximately NOK 35 million.

Key figures

The table relates to the consolidated figures for DiaGenic ASA.

	2014	2013	2014	2013
<i>(figures NOK million)</i>	Q3	Q3	9M	9M
Comprehensive income	-	0.04	-	0.13
Total operating cost	(0.76)	(9.54)	(6.11)	(30.52)
Pre-tax profit (loss)	(0.48)	(9.28)	(5.50)	(29.93)
Net cash flow from operating activities	(1.06)	(9.25)	(9.00)	(29.28)
Cash balance end of period	50.47	18.12	50.47	18.12

Change in strategic direction through acquisition of NEL Hydrogen

On 8 October 2014, DiaGenic signed a final share purchase agreement with the shareholders of NEL Hydrogen to acquire NEL Hydrogen. The agreement was conditional upon formal approval of the transaction and the issue of considerations shares by an extraordinary shareholders' meeting and the approval of a prospectus in connection with the listing of these shares. All formal conditions were lifted and the acquisition was formalized in fourth quarter.

The acquisition represented a change in strategic direction for DiaGenic and as of 21 October 2014 the name of the company was changed to NEL ASA. The pharmaceutical activities remained as a separate business in the new company.

NEL Hydrogen is a global leader in the supply of hydrogen generators, water electrolyzers - which use water and electricity as feedstock and generate oxygen and hydrogen gas.

Today, hydrogen is used as an input to a number of industrial applications. For instance, it can be combined with renewably produced carbon dioxide to produce a feedstock for plastics production or it can be used to purify polysilicon for use in solar panels.

In the future, hydrogen will be used as an energy carrier in the energy systems and in fuel cells.

When it comes to power generation and distribution, hydrogen will become increasingly important, as it enables large scale energy storage from excess electricity generated by wind and solar plants.

The water electrolyzer market is today only a small fraction of the total hydrogen market, but this segment is expected to grow significantly in the coming years, hydrogen refueling and renewable energy storage being the main drivers. In 2020, 40% of renewable electricity is expected to come from wind and solar, compared with 27% in 2013 (source: IEA).

Several energy storage projects which include electrolysis have already been initiated worldwide, and NEL expects this development to continue to grow in the medium- and long term perspective.

With the commercial introduction of Fuel Cell Electric Vehicles (FCEVs), the market for hydrogen as a fuel will also grow. A FCEV is a vehicle which uses a fuel-cell stack to generate electricity from hydrogen with oxygen. The fuel cells demand very high purity hydrogen, which again favors hydrogen from water electrolysis.

NEL Hydrogen started commercial sales of electrolyzers in the 1970s, and has sold more than 500 electrolyzers in a wide array of industries across Europe, South America, Africa and Asia. The company has offices in Notodden and in Oslo, Norway and has a global reach through its own sales representatives and extensive agent network.

With no carbon footprint, hydrogen will become one of the key energy carriers of the future. Based on unique electrolyzer technology with superior energy efficiency, design and scalability, NEL aims for a profitable growth, hand in hand with the global increase in the utilization of renewable energy.

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, 20 November 2014


The Board of Directors

Responsibility Statement

We confirm to the best of our belief that the financial statements for the third quarter of 2014, that have been prepared in accordance with IAS 34 – Interim Reporting, gives a true and fair view of the company's assets, liabilities, financial position and results of operation. We also declare, to the best of our belief, that the third quarter report provides a fair view of the information required under § 5-6 (4) of the Norwegian Securities Act.

Oslo, 20 November 2014

The Board of Directors



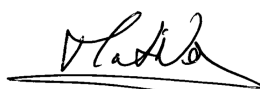
Hanne Skaarberg Holen

Chairman



Øystein Stray Spetalen

Board member



Martin Nes

Board member



Lars Christian Stugaard

CEO

Condensed Interim Financial Statements

Statement of comprehensive income

<i>(figures NOK thousands)</i>	Note	2014 Q3	2013 Q3	2014 9M	2013 9M	2013 FY
Operating income						
Other operating income		-	38	-	134	157
Total operating revenue		-	38	-	134	157
Operating expenses						
Cost of goods sold		-	119	-	554	554
Total cost of goods sold		-	119	-	554	554
Operating costs						
Wages and social costs		202	5 470	1 657	15 879	20 843
Depreciation		-	219	100	665	731
Devaluation goodwill		-	1 439	-	1 439	1 195
Other operating costs		561	2 296	4 351	11 978	14 019
Total other operating costs		763	9 424	6 108	29 961	36 788
Total operating costs		763	9 543	6 108	30 516	37 342
Operating profit (loss)		(763)	(9 505)	(6 108)	(30 381)	(37 185)
Financial income		283	265	618	600	743
Financial expenses		0	38	6	149	190
Net financial income (expense)		283	227	612	451	553
Pre-tax profit (loss)		(480)	(9 277)	(5 496)	(29 930)	(36 633)
Income tax costs (benefits)		-	-	-	-	-
Net profit (loss)		(480)	(9 277)	(5 496)	(29 930)	(36 633)
Other comprehensive income		-	-	-	-	1 030
Comprehensive income		(480)	(9 277)	(5 496)	(29 930)	(37 662)
Net profit per share <i>(figures in NOK)</i>	3	(0)	(1)	(0)	(5)	(6)
Net profit per share after delution	3	(0)	(1)	(0)	(5)	(6)

Statement of financial position

<i>(figures NOK thousands)</i>	Note	2014 30 Sept	2013 30 Sept	2013 31 Dec
ASSETS				
Fixed assets				
Fixed assets		0	165	335
Total non-current assets		0	165	335
Current assets				
Trade receivables		0	12	56
Other receivables		2 092	5 012	3 340
Cash and cash equivalents		50 465	18 116	11 492
Total current assets		52 557	23 140	14 888
Total assets		52 557	23 305	15 223
EQUITY AND LIABILITIES				
Equity				
Share capital	2	21 632	1 632	1 632
Paid in equity	2	35 018	45 394	44 705
Retained earnings		-5 496	-29 930	-37 662
Total equity		51 154	17 096	8 675
Provisions				
Pension liabilities		0	827	0
Total provisions		0	827	0
Liabilities				
Accounts payable		214	1 043	277
Social security, VAT etc. payable		217	825	1 673
Other current liabilities		971	3 515	4 600
Total current liabilities		1 402	5 383	6 549
Total equity and liabilities		52 557	23 305	15 223

Statement of changes in equity

<i>(figures in NOK/numbers)</i>	Note	Share capital	Share premium	Other reserves	Other equity	Total equity	Number of shares
As at 1st January 2012		13 512	75 979	237	-34 753	54 975	27 023 652
Allocation of comprehensive loss			-34 516	-237	34 753	0	
Fair value granted option rights			-959	0	0	-959	
Transaction cost			0	367	0	367	
Principle change pension liabilities			-2 007	0	0	-2 007	
Comprehensive income 1.1.-31.12.2012			0	0	-35 927	-35 927	
As at 31st December 2012		13 512	38 497	368	-35 927	16 450	27 023 652
Allocation of comprehensive loss			-35 559	-368	35 927	0	
Fair value granted option rights			0	-310	0	-310	
Transaction cost			-2 547	0	0	-2 547	
Increase of capital 8.4.13		25 000	5 000	0	0	30 000	50 000 000
Increase of capital 8.5.13		2 288	458	0	0	2 745	4 575 078
Reduction of share capital 16.8.13 (10:1)		-39 167	39 167	0		0	-73 438 857
Comprehensive income 1.1.-31.12.2013			0	0	-37 662	-37 662	
As at 1st January 2014		1 632	45 016	-310	-37 662	8 675	8 159 873
Allocation of comprehensive loss			-37 972	310	37 662	0	
Transaction cost			-2 025		0	-2 025	
Increase of capital 15.4.14		20 000	30 000			50 000	100 000 000
Comprehensive income 1.1.-30.9.2014				0	-5 496	-5 496	
As at 30th September 2014		21 632	35 018	0	-5 495	51 154	108 159 873

Statement of cash flow

<i>(figures NOK thousands)</i>	Note	2014 Q3	2013 Q3	2014 9M	2013 9M	2013 FY
Cash flow from operating activities						
Pre-tax profit (loss)		(480)	(9 277)	(5 496)	(29 930)	(37 662)
Income taxes paid		-	-	-	-	-
Ordinary depreciation		-	219	235	665	731
Impairment of fixed assets		-	1 439	100	1 439	1 195
Fair value granted option rights		-	82	-	378	(310)
Loss on sale of fixed assets		-	-	-	-	-
Change in pension scheme liabilities		-	(156)	-	(467)	(1 294)
Change in inventories, accounts receivable and accounts payable		106	(1 700)	(7)	178	924
Change in other short-term receivables and other short-term liabilities		(684)	140	(3 835)	(1 542)	923
Net cash flow from operating activities		(1 058)	(9 253)	(9 002)	(29 278)	(35 493)
Cash flow from investment activities						
Proceeds from sale of fixed assets		-	-	-	-	8
Net cash flow from investing activities		-	-	-	-	8
Cash flow from financing activities						
Contribution of share capital		-	-	47 975	30 198	30 198
Payment of short and long term liabilities		-	(417)	-	(1 250)	(1 667)
Net cash flow from financing activities		-	(417)	47 975	28 948	28 531
Net change in cash and cash equivalents		(1 058)	(9 670)	38 973	(330)	(6 953)
Cash and cash equivalents		50 465	18 116	50 465	18 116	11 492

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. The Company will also have a capital increase in Q4 of a total of NOK 70 million to increase the working capital.

3. Earnings per share - figures in NOK

The following table shows the changes in the number of shares in 2014:

	Ordinary shares
Number of shares as of 1st of January	8 159 873
Share issue 16th of April	100 000 000
Number of shares as of 30th of September	108 159 873
Average number of shares per 30th of September	69 698 335

4. Events after the balance sheet date

On 8 October, the Company signed a final share purchase agreement with the shareholders of NEL Hydrogen to acquire NEL Hydrogen. The agreement was subject to certain conditions, including approval of the transaction and the issue of consideration shares by the extraordinary general meeting as well as the approval of a prospectus in connection with the listing of the consideration shares by the

Financial Supervisory Authority of Norway (Finanstilsynet).

The Company acquired 100% of the shares in NEL Hydrogen for a total consideration of NOK 120 million. The acquisition was financed through NOK 40 million in cash and NOK 80 million in new shares. The consideration shares issued were valued at NOK 0.65 per share. The shares of NEL Hydrogen were transferred to the Company on 9 October 2014.

The consideration shares are subject to an extensive lock up. 27,692,308 shares held by key employees have a total lock up of four years and 27,692,307 held by these key employees have a total lock up of two years. 6,153,846 shares held by management shareholders have a lock up until 1 September 2016 and 61,538,462 shares held by non-management shareholders have a lock up of one year.

NEL Hydrogen is a global leader in the supply of hydrogen-based electrolyzer plants and hydrogen fuelling stations. The company dates back to the 1920s when Norsk Hydro established its first hydrogen generation installation for use in ammonia fertilizer production.

The company began commercial sales of electrolyzers in the 1970s, and has sold more than 500 electrolyzers in a wide array of industries across Europe, South America, Africa and Asia. The company has locations in Notodden, Norway and has a global reach through its own sales representatives and extensive agent network. The company has 22 employees. For further information regarding NEL Hydrogen, please refer to the company's webpage www.NEL-hydrogen.com.

NEL Hydrogen's board of directors consists of Martin Nes (chairman), Øystein Stray Spetalen, Lars Markus Solheim and Ole Arnt Lindgren. The CEO of NEL Hydrogen is Lars Markus Solheim and CFO Erik Evju. Martin Nes and Øystein Stray Spetalen also serve on the board of the Company.

In connection with the acquisition of NEL Hydrogen, a Purchase Price Allocation (PPA) will be completed. During the work with the PPA,

values related to customers and technology that are not part of the goodwill are identified.

At mid November 2014, the net cash balance in NEL ASA was approximately NOK 75 million.

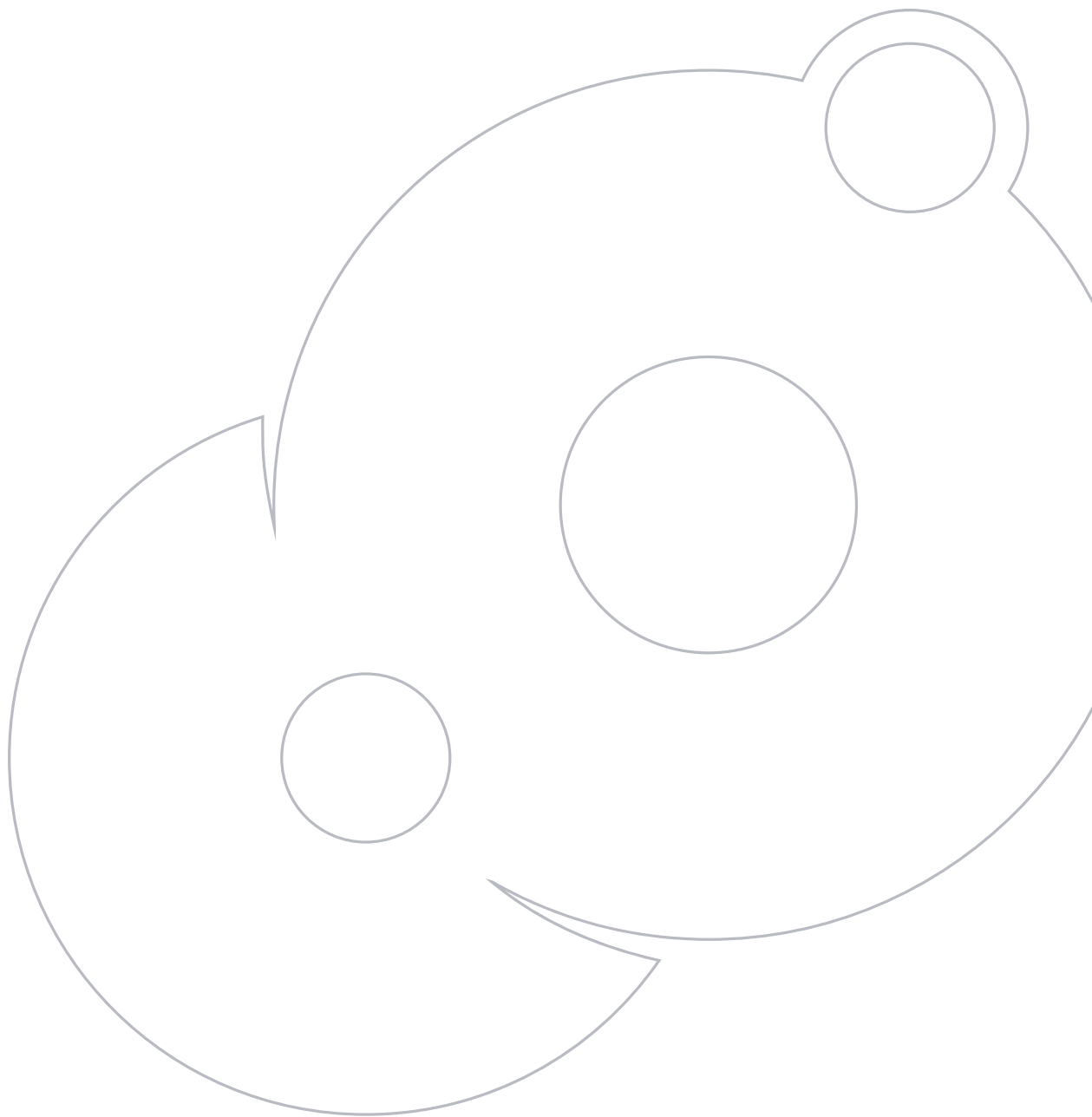
NEL HYDROGEN AS

Income statement

	2014	2014
<i>(figures NOK thousands)</i>	Q3	9M
Total operating revenue	19 068	57 259
Total operating costs	13 983	42 866
Operating profit (loss)	5 085	14 393
Net financial income (expense)	-17	-17
Pre-tax profit (loss)	5 048	14 376

Balance sheet

	2014
<i>(figures NOK thousands)</i>	30 Sept
ASSETS	
Non-current assets	2 729
Current assets	40 201
Total assets	42 930
EQUITY AND LIABILITIES	
Equity	24 551
Liabilities	18 379
Total equity and liabilities	42 930



if the future could choose

NEL Hydrogen AS

Phone: +47 35 09 38 38

E-mail: info@nel-hydrogen.com

Web: www.nel-hydrogen.com

Address: P.O. Box 24, NO-3671 Notodden, Norway

Visitor address: Heddalsvegen 11, Notodden, Norway