

Highlights of the quarter

- In the third quarter of 2015 NEL ASA (“NEL”) acquired RotoBoost H2 AS, a subsidiary of RotoBoost AS, which holds all assets related to the RotoLyzer®, a compact water electrolyser that provides an ideal solution for hydrogen refuelling stations where space is limited.
- NEL’s subsidiary H2 Logic completed a binding technology transfer agreement with Mitsubishi Kakoki Kaisha, Ltd. The agreement includes a technology transfer and adaption of the H2Station® CAR-100 product for the Japanese market with the aim to achieve the first station in operation during 2016.
- NEL reported revenues in the third quarter of NOK 30.8 million, compared to NOK 16.0 million in the preceding quarter (second quarter 2015). The historical figures in the highlights section do not include H2 Logic.
- EBITDA was NOK 2.3 million, compared to an adjusted EBITDA of zero in the preceding quarter.
- Reported net loss was NOK 0.7 million, compared to a loss of NOK 7.6 million in the preceding quarter.
- Following the private placement to part finance the cash component of the acquisition of H2 Logic in June, a subsequent offering of 22,222,222 shares was completed in July at a price of NOK 1.35 per share. Subsequent to the announcement of the acquisition of RotoLyzer in August, a private placement of 30,000,000 shares at a price of NOK 2.25 per share was also completed.
- The cash balance at the end of the third quarter was NOK 225 million.

Key figures

	2015	2014	2015	2015	2014	2014
<i>(Unaudited figures NOK million)</i>	Q3	Q3	YTD	YTD**	YTD	Full year
Operational revenue	30.8	0	64.4	98.3	0	12.6
Total operating cost	32.7	0.8	77.2	105.6	6.1	25.2
EBITDA	2.3	-0.8	3.8*	11.3*	-6.0	-9.5
EBIT	-1.9	-0.8	-12.9	-7.3	-6.1	-13.2
Pre-tax profit	-1.5	-0.5	-11.7	-6.2	-5.5	-11.6
Net profit	-0.7	-0.5	-9.0	-4.8	-5.5	-6.5
Net cash flow from operating activities	-11.1	-1.1	-21.0		-9.0	4.4
Cash balance end of period	224.9	50.5	224.9		50.5	98.5

* EBITDA excludes NOK 5.3 million in Q2 2015 transaction costs related to the acquisition of H2 Logic. ** Pro forma figures including H2 Logic from 1 January 2015.

Financial development

In the third quarter of 2015, NEL reported revenues of NOK 30.8 million, compared to 16.0 million in the preceding quarter (second quarter 2015) when H2 Logic was not included in the profit and loss statement.

Comparisons are made to the preceding quarter as the business transformation makes comparisons to the third quarter of 2014 meaningless.

EBITDA in the third quarter was NOK 2.3 million, compared to an adjusted EBITDA of zero in the second quarter. Adjusted EBITDA in the second quarter excludes NOK 5.3 million in transaction costs related to the acquisition of H2 Logic.

EBIT was negative NOK 1.9 million, compared to negative NOK 9.0 million in the second quarter. This includes NOK 4.1 million in depreciation of intangible assets.

Net loss for the quarter was NOK 0.7 million, compared to a loss of NOK 7.6 million in the second quarter.

Total assets were NOK 714.1 million at the end of the third quarter 2015, compared to 614.4 million at the end of the second quarter. Total equity was NOK 621.5 million. Thus, the equity ratio was 87 percent.

Net cash flow from operating activities in the third quarter 2015 was negative NOK 11.0 million, compared to negative NOK 1.5 million in the second quarter. Net cash flow from investment activities was negative NOK 8.1 million, compared to negative NOK 75.4 million. Net cash flow from financing activities was NOK 91.8 million, compared to NOK 64.7 million.

NEL's cash balance at the end of the third quarter was NOK 224.9 million, up from NOK 152 million at the beginning of the quarter.

Before and during the third quarter, NEL took significant steps to fund strategic growth initiatives. In order to part finance the cash component of the acquisition of H2 Logic, NEL carried out at private placement of 51,301,852 shares in June and a subsequent offering of 22,222,222 shares in July, both at a price of NOK 1.35 per share. Subsequent to the announcement of the acquisition of RotoLyzer in August, a private placement of 30,000,000 shares at a price of NOK 2.25 per share was also completed.

Strategy

NEL ASA is the first dedicated hydrogen company on the Oslo Stock Exchange. Based on a long history of making hydrogen generators based on water electrolysis, the company is positioned to benefit from the expected growth in emerging hydrogen markets.

Until now, hydrogen has typically been utilized for a number of industrial applications, which demand ultra-high purity hydrogen, mostly as a feedstock or protective atmosphere. Industries include: food, chemicals/refining, metallurgy, glass production, electronics, generator cooling, and production of polysilicon for use in solar panels.

NEL's electrolyser technology is an environmentally superior alternative to hydrogen production from carbon sources.

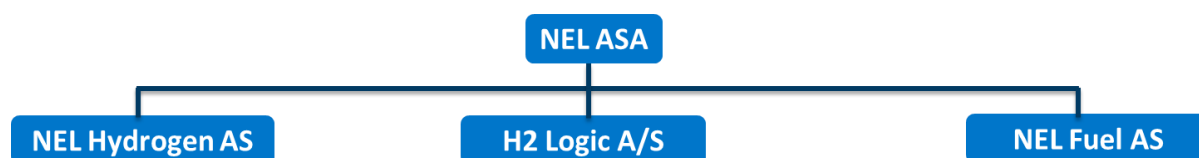
Adding to the traditional markets, two trends are currently creating new high-growth opportunities for hydrogen:

Firstly, hydrogen is emerging as an important zero-emission fuel for the transport sector. For medium to large vehicles that travel longer distances, hydrogen holds substantial advantages over batteries. All major car manufacturers are developing hydrogen-fuel-cell vehicles, and an increasing number of models are becoming commercially available. This represents a short-term opportunity for NEL.

Secondly, the growth of renewable energy production requires storage solutions to mitigate the problem of intermittent supply. Hydrogen provides a flexible way of storing energy. This is a longer-term opportunity for NEL.

Through business development and acquisitions, NEL is establishing itself as a global force in hydrogen production in various settings as well as a number of end-user markets, including hydrogen refuelling stations for vehicles.

Corporate structure



NEL ASA currently has two main business units: NEL Hydrogen (hydrogen production plants) and H2 Logic (hydrogen refuelling stations).

NEL Hydrogen 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 fertilizer as the end product.

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

In August 2015 NEL ASA acquired RotoLyzer, 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. This is a potential game changer within the field of electrolyser technologies.

The second business unit is H2 Logic, which was acquired by NEL ASA in June 2015.

Founded in 2003, H2 Logic is a world-leading supplier of hydrogen refuelling stations, which are an essential part of the necessary infrastructure for the use of hydrogen in the transport sector.

H2 Logic has installed refuelling stations in seven countries and is currently building and operating the first countrywide network of hydrogen stations, in Denmark. The company is deeply involved with leading global companies in the industry as well as other key stakeholders.

In addition to the activities related to hydrogen, NEL still holds three patent families within healthcare. NEL continues to evaluate opportunities for its healthcare division, including, but not limited to, possible mergers, acquisitions and strategic partnerships.

Developments, NEL Hydrogen

Throughout the third quarter, NEL Hydrogen secured several important sales contracts, a testament to the quality and continued attractiveness of the atmospheric NEL-A electrolyzers. NEL Hydrogen have also strengthened its sales department in order to provide even better service to both our new and existing customer base.

Furthermore, NEL Hydrogen will focus on commercialization of the newly acquired RotoLyzer electrolyser, targeting a commercial unit of 10 Nm³/h by 2017, and a larger unit by 2018.

Developments, H2 Logic

H2 Logic announced completion of a technology transfer and royalty agreement with Mitsubishi Kakoki Kaisha (MKK) in July. With the agreement MKK buy rights to use H2 Logic's current H2Station CAR-100 exclusively for the Japanese market. The Japanese version of H2Station CAR-100J will be released during 2016.

In 2014, H2 Logic entered into a joint venture with industrial gas company Air Liquide for installation and operation of five hydrogen refuelling stations in Denmark. In the third quarter 2015 the installation phase was completed. The joint venture now operates five stations with onsite electrolysis for green hydrogen production.

In January 2015, H2 Logic entered into another joint venture for installation and operation of five hydrogen refuelling stations in Denmark with the oil company OK a.m.b.a. and the industrial gas company Strandmøllen A/S. All stations will have hydrogen supplied from a central NEL electrolyser owned and operated by Strandmøllen. In the third quarter, the joint venture opened the first station and signed orders with H2 Logic for two additional stations.

H2 Logic is providing complete operation service for both networks in Denmark. Hydrogen sales from all hydrogen refuelling stations in Denmark increased by 43 percent from the second to the third quarter of 2015.

Outlook

NEL aims to maintain and grow its position as a world-leading manufacturer of hydrogen electrolyzers and hydrogen refuelling stations for cars and transport. Rapid market growth is expected as hydrogen fuel cell vehicles increasingly are introduced from major car manufacturers, and the company is experiencing an increased number of requests for quotations for hydrogen refuelling station networks.

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, with hydrogen acting as a "battery" for renewable energy. The market is still in a nascent stage, but it is potentially several times larger than the present electrolyser market.

Oslo, 28 October 2015

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Mikael Sloth

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Lars Christian Stugaard

CEO

(Sign)

Condensed interim financial statements

Statement of comprehensive income (unaudited)

PROFIT & LOSS <i>(figures in NOK thousands)</i>	2015 Q3	2014 Q3	2015 Q1-Q3	2014 Q1-Q3
Operating Income				
Sales income	26 748	0	60 318	0
Other operating income	4 057	0	4 045	0
Total operating revenue	30 805	0	64 364	0
Operating expenses				
Cost of goods sold	12 690	0	26 656	0
Total cost of goods sold	12 690	0	26 656	0
Operating costs				
Wages and social costs	8 349	202	17 312	1 657
Depreciation physical fixed assets	127	0	415	100
Depreciation intangible assets	4 057	0	10 957	4 351
Other operating costs	7 441	763	21 899	6 108
Total other operating costs	19 973	965	50 583	12 216
Total operating costs	32 664	965	77 238	12 216
Operating profit (loss)	-1 859	-965	-12 875	-12 216
Financial income	700	0	2 274	6
Financial expenses	358	283	1 059	612
Net financial income/expense	342	-283	1 215	-607
Profit (loss) before taxes	-1 517	-1 248	-11 660	-12 823
Tax costs	-796	0	-2 659	0
NET PROFIT (LOSS)	-720	-1 248	-9 000	-12 823
<i>Items that may subsequently be reclassified to profit or loss</i>				
Currency translation differences	3 919		3 919	
Other comprehensive income	3 919	0	3 919	0
TOTAL COMPREHENSIVE INCOME	3 198	-1 248	-5 081	-12 823
Non-controlling interests' share of Net profit	81		-88	
Net profit per share (figures in NOK)	0,00	-0,01	-0,02	-0,10

Statement of financial position (unaudited)

BALANCE SHEET	2015	2014	2014
<i>(figures in NOK thousands)</i>	Q3	Q3	Year end
ASSETS			
Intangible assets			
Technology	32 534	0	8 775
Customer relationship	32 439	0	32 175
Customer contracts	0	0	7 200
Development expenses	14 619	0	
Goodwill	324 504	0	60 799
Total intangible assets	404 095	0	108 949
Land, buildings and real estate			
Land, buildings and real estate	15 575	0	3 893
Total land, buildings and real estate	15 575	0	3 893
Other fixed assets			
Fixtures and fittings, tools, etc.	986	0	1 174
Total other fixed assets	986	0	1 174
Financial fixed assets			
Financial fixed assets	8 155	0	163
Total financial fixed assets	8 155	0	163
Total fixed assets	428 810	0	114 178
Current assets			
Inventories	13 214	0	6 071
Trade receivables	30 593	0	18 927
Other receivables	14 531	2 092	1 406
Financial current assets	2 068		
Cash and cash equivalents	224 858	50 465	98 497
Total current assets	285 264	52 557	124 901
TOTAL ASSETS	714 074	52 557	239 079
EQUITY AND LIABILITIES			
Equity			
Share capital	130 120	21 632	67 786
Share premium/Other paid equity	503 857	35 018	134 663
Retained earnings	-12 478	-5 496	-6 506
Total equity	621 499	51 154	195 942
Non-controlling interests' share	-363		
Provisions			
Deferred tax liability	23 623	0	15 979
Total provisions	23 623	0	15 979
Other long term liabilities			
Other long term liabilities	18 960	0	7 578
Total other long term liabilities	18 960	0	7 578
Liabilities			
Accounts payable	9 682	214	3 100
Tax payable	1 347	0	0
Social security, VAT etc. payable	2 215	217	1 735
Other current liabilities	36 748	971	14 747
Total current liabilities	49 992	1 402	19 581
TOTAL EQUITY AND LIABILITIES	714 074	52 557	239 079

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	Other equity	Total equity	Number of shares
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	
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	100 000 000
Increase of capital 20.10.14	35 385	79 615			115 000	176 923 077
Increase of capital 13.11.14	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	
As at 31th December 2014	67 786	135 548	0	-7 396	195 937	338 929 104
					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	
As at 31st March 2015	79 786	198 328	0	-8 036	270 078	398 929 104
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	
As at 30th June 2015	119 676	423 374	0	-15 676	527 374	598 379 104
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 & other equity adjustments Q3 2015				3 919	3 919	
As at 30th September 2015	130 120	503 857	0	-12 478	621 499	650 601 326

Statement of cash flow (unaudited)

CASH FLOW STATEMENT	2015	2014	2015	2014
<i>(figures in NOK thousands)</i>	Q3	Q3	Q1-Q3	Q1-Q3
Cash flow from operating activities				
Pre-tax profit (loss)	-1 517	-480	-11 660	-5 496
Income taxes paid	0	0	0	0
Ordinary depreciation	4 184	0	11 372	235
Impairment of fixed assets	0	0	0	100
Fair value granted option rights	0	0	0	0
Loss on sale of fixed assets	0	0	0	0
Change in pension scheme liabilities	0	0	0	0
Change in inventories, accounts receivable and accounts payable	-20 441	106	-12 317	-7
Change in other short-term receivables and other short-term liabilities	4 736	-684	-8 982	-3 835
Net change in curr. exch. differences	1 986		611	
<i>Net cash flow from operating activities</i>	<i>-11 051</i>	<i>-1 058</i>	<i>-20 975</i>	<i>-9 002</i>
Cash flow from investment activities				
Proceeds from sale of fixed assets	0	0	0	0
Acquisitions of fixed assets	-107		-465	
Acquisitions of subsidiaries / financial fixed assets	-7 998		-83 182	
<i>Net cash flow from investing activities</i>	<i>-8 105</i>	<i>0</i>	<i>-83 647</i>	<i>0</i>
Cash flow from financing activities				
Contribution of share capital	90 927	0	230 643	47 975
Proceeds from new loan	1 118		1 118	
Payment of short and long term liabilities	-260	0	-779	0
<i>Net cash flow from financing activities</i>	<i>91 785</i>	<i>0</i>	<i>230 983</i>	<i>47 975</i>
<i>Net change in cash and cash equivalents</i>	<i>72 630</i>	<i>-1 058</i>	<i>126 360</i>	<i>38 973</i>
Cash and cash equivalents	224 858	50 465	224 858	50 465

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 2014 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	2015	2014
<i>(figures in NOK million)</i>	Q3	Q1-Q3	Full year
Total operating revenue	13.2	46.7	69.0
Total operating cost	11.7	42.1	54.5
Operating profit	1.5	4.7	14.5
Net Financial income (expense)	-0.2	-0.4	0.6
Pre- tax profit (loss)	1.3	4.2	15.0

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 fuelling and long range as conventional vehicles today. H2Station® technology is used on a daily basis across Europe for fuelling 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.

The acquisition of H2 Logic A/S is considered to be a business combination under IFRS 3 and consequently all assets acquired and liabilities assumed are accounted for at its fair value at the acquisition date. Based on the preliminary purchase price allocation, fair value adjustments have been allocated to H2 Logic as described below. The purchase price is NOK 300 million. Book value of equity is NOK 13.4 million, which gives an excess value of NOK 286.6 million. Identified assets are intangible assets including related customer relationships of NOK 2.6 million, and technology of NOK

20,8 million as well as financial assets of NOK 6.0 million and deferred tax on the excess value amounts to NOK 6.0 million, which leaves a recognized goodwill of NOK 263.0 million. The identified intangible assets will be depreciated over their useful life; related customer relationships will be depreciated over 10 years. 12 months' depreciation amounts to NOK 0.2 million. Technology will be depreciated over 10 years. 12 months' depreciation amounts to NOK 2 million. In accordance with IFRS, goodwill is not amortized but assessed for impairment; no impairment has been recorded.

The table below provides a detailed breakdown of the allocation of the business combination cost.

Cost of business combination	Shares acquired	Amount (NOKm)
Agreed purchase price	100 %	300,0
Consideration		300,0
Fair value of previously held associated companies		-
Acquisition of subsidiary in stages		-
Non-controlling interests		-
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Cost of business combination		300,0
Book value equity		13.4
Excess value		286.6
Goodwill pre-acquisition		
<hr/>		
Excess value to be allocated		286.6
Excess value is allocated to:		
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Customer relationships		2.6
Technology		20.8
Financial assets (CHN)		6.0
Deferred tax		-5.8
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Total allocated		23.5
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Goodwill		263.0
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The acquired goodwill is not tax deductible.

H2 Logic A/S (unaudited)

	2015
<i>(figures in NOK million)</i>	Q3
Total operating revenue	17.6
Total operating cost	16.3
Operating profit	1.3

Net Financial income (expense)	-0.1
Pre- tax profit (loss)	1.2

*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. Acquisition of Rotoboost H2 AS

The acquisition of Rotoboost H2 AS is considered to be a business combination under IFRS 3 and consequently all assets acquired and liabilities assumed are accounted for at its fair value at the acquisition date. Based on the preliminary purchase price allocation, fair value adjustments have been allocated to H2 Logic as described below. The purchase price will amount to minimum NOK 8 million, maximum NOK 13 million. Final purchase price is estimated to NOK 11.75 million. Book value of equity is NOK 9.6 million, which gives an excess value of NOK 2.16 million.

The table below provides a detailed breakdown of the allocation of the business combination cost.

Cost of business combination	Shares acquired	Amount (NOKm)
Agreed purchase price	100 %	8.0
Consideration		3.8
Fair value of previously held associated companies		-
Acquisition of subsidiary in stages		-
Non-controlling interests		-
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Cost of business combination		11.8
Book value equity		9.6
<hr/>		
Excess value		
Goodwill pre-acquisition		
<hr/>		
Excess value to be allocated		2.2
<hr/>		
Excess value is allocated to:		
Customer relationships		
Technology		2.2
Financial assets (CHN)		
Deferred tax		-0,6
<hr/>		
Total allocated		1.6
<hr/>		
Goodwill		0.6
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6. Goodwill

The table below shows the movement in goodwill during the first half of 2015.

	Amount (NOKm)	
	2015	2014
Goodwill as of 1 January	60.8	0
Acquisition of H2 Logic	263	0
Other adjustments	-2.0	0
Goodwill as of 30 September	321.8	0

7. Related party transactions

NEL ASA has paid MNOK 0.4 in management fees to Ferncliff in the period.



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