

Nel ASA: Signed final agreement to acquire Proton OnSite – extended announcement

(Oslo, 28 April 2017) Reference is made to the stock exchange announcement made by Nel ASA ("Nel") on 27 February 2017 regarding the signed letter of intent to acquire Proton Energy Systems, Inc. ("Proton OnSite").

Following satisfactory due diligence, Nel has today signed a final and binding share purchase agreement with the F9 Investments LLC, the shareholder of Proton OnSite, to acquire 100% of the shares of Proton OnSite (the "Transaction"). This will make Nel the world's largest manufacturer of water electrolyzers for hydrogen production, offering both alkaline and PEM electrolyzers in all relevant sizes and markets.

The Transaction

Nel is acquiring 100% of the shares in Proton OnSite for a total consideration of USD 70 million, on a cash and debt free basis and assuming a normalised working capital as of closing (the "Purchase Price"). From the Purchase Price there will be deducted certain amounts, to be calculated as of closing, to adjust for (i) consideration payable by Proton OnSite to employees for cancellation of a number of employee options, (ii) amounts owed by Proton OnSite to its previous shareholder as of closing, and (iii) transaction expenses payable by Proton OnSite on closing. Certain Proton OnSite employee option holders will receive Nel options as consideration for cancellation of their Proton OnSite options. The value of such is to be calculated per closing and deducted from the Purchase Price.

The Purchase Price will be financed through USD 20 million in cash and USD 50 million in new shares (the "Consideration Shares") from Nel, to be adjusted as per the above adjustment mechanisms. The Consideration Shares will be issued on the closing date of the Transaction and the closing cash amount will be paid at the same time.

The Transaction values each Nel Consideration Share at NOK 2.72 per share. 50% of the Consideration Shares will be subject to lock-up until the first anniversary of closing of the Transaction, while the remaining Consideration Shares will be subject to lock-up until the second anniversary of closing.

A subsequent adjustment of the Purchase Price will be made following closing, based on the amounts of net debt and working capital of Proton OnSite as of closing. The closing adjustment will be made by Nel issuing additional new shares to Proton OnSite's shareholder, or Nel receiving previously issued Consideration Shares back from Proton OnSite's shareholder, as the case may be.

Closing of the agreement is subject to certain conditions, including relevant public approvals and other third party consents, absence of material adverse effects and correctness of representations. The timing of closing of the Transaction depends on satisfactory fulfilment of these conditions, including the public approval process, but is expected to occur around June / July 2017.

Carnegie acts as financial advisor to Nel in connection with the Transaction.

About Proton OnSite

Proton OnSite has been developed into the largest manufacturer of on-site hydrogen generators with over 2,600 units installed worldwide in more than 75 countries. The company offers advanced Proton Exchange Membrane ("PEM") electrolysis systems to various markets, focusing on small to medium sized plants. Proton OnSite's recently developed Megawatt product line is viewed as a significant area of focus and deemed to be a key success criteria going forward. The company had revenues of USD 27.2 million in 2016 and is headquartered in Wallingford, Connecticut, with approximately 90 employees.

Until closing, Proton OnSite's board of directors consists of Tom Sullivan and Robert Friedland. The CEO of Proton OnSite is Robert Friedland and the CFO is Sheldon Paul.

The following are key figures for Proton OnSite:*

(USD million)	2014	2015	2016
Sales	23.7	27.8	27.2
Gross profit	7.3	9.2	6.1
Loss from operations	-5.8	-0.1	-2.8
Total equity	3.5	14.6	11.4
Total assets	25.3	29.3	29.0

*Amounts in USD, source: Proton Energy Systems, Inc. US GAAP financial statements.

*Proton OnSite adopted the FASB's Accounting Standards Update No. 2015-03 in 2016. The audited financials for the year 2015 represents the financials numbers presented in the 2016 financial statement.

*Note that Proton OnSite leases its office- and production premises from HWorld Real Estate LLC ("HWorld"). HWorld has no other operating revenue other than the operating lease income from Proton OnSite. HWorld is in historical accounts determined to be a variable interest entity in which Proton OnSite has provided certain financial support. As such, Proton OnSite has consolidated the accounts of HWorld in the historical figures. HWorld will not be a part of the Transaction.

Nel considers Proton OnSite and Nel as a strong strategic fit, with synergies related to sales and commercialisation, product portfolio, R&D and best practices across the combined company. Nel expects a solid demand for PEM electrolyzers going forward and will by this acquisition be able to fully complement its product portfolio. Following are the key acquisition rationale:

- Nel will become the world's largest manufacturer of water electrolyzers with a global outreach
- Nel will get a strong foothold in the U.S. hydrogen market, accelerating Nel's growth ambitions
- The acquisition will complement Nel's current business with several areas of synergies
- Nel will cover all relevant sizes and technologies in the rapidly growing worldwide hydrogen market
- Nel will more than double the revenue, and be a player on an industry-leading scale
- Strong cultural fit combining two organizations with stellar track-record in the hydrogen industry
- Optimally positioned to benefit from global opportunities arising within renewable energy storage and hydrogen fueling

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About Proton OnSite | www.protononsite.com

Proton OnSite is a global leader in hydrogen gas solutions. Since 1996, the company has been developing and applying hydrogen technology in creative and practical ways that best meet the diverse requirements of its customers. The advanced Proton Exchange Membrane (PEM) electrolysis systems coupled with the company's uncompromising attention to excellence and quality, enables Proton OnSite to deliver, install and support gas generation units on every continent.

About Nel | www.nelhydrogen.com

Nel is a global, dedicated hydrogen company, delivering optimal solutions to produce, store and distribute hydrogen from renewable energy. We serve 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.

This information is subject of the disclosure requirements pursuant to section 3.4 of the Oslo Stock Exchange's Continuing Obligations.